LABOR PROBLEMS

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A Text Book

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PREFACE

The principal aim of this book is to furnish a convenient collection of facts that will facilitate the study and the teaching of the American labor problem. It is hoped that the book will be not without interest for the general reader. But it is the requirements of the undergraduate student, and the convenience of the teacher of undergraduates, that have been kept constantly in mind. Where it was necessary, we have sacrificed both interest and general social philosophy, in order to present concrete facts.

We believe that the gravest differences of opinion about the labor problem, and the most dangerous misapprehensions, are caused by the failure to view the problem broadly, to consider its many phases and ramifications. The labor problem is greater than the problem of trade unionism, far more important than the problem of industrial peace. Impelled by this conviction, we have preferred to cover a broad field imperfectly, rather than a narrow field in detail.

We have necessarily left much to be done by the teacher or the reader himself. There are important questions, such as the problem of the unskilled workers, which have been passed by without a word; there are logical gaps

which should be filled, such as the extent to which the progress of the last century may fairly be attributed to trade unions, strikes, and the other "remedies" discussed in Book II; there are facts stated and statistics cited which are sadly in need of long critical discussions concerning their probable validity and precise meaning; and finally, there has been given no statement and little intimation of the general social theory which most logically and consistently explains the facts cited.

These *lacunae* we have attempted to fill, in a measure, by the citation of certain Supplementary Readings, designed to eke out our treatment where it is especially inadequate, or to present another point of view when our interpretation is particularly dubious. For the most part, however, these defects must be remedied by the teacher or by wider reading on the part of the student himself. It is impossible to say all that should be said about the American labor problem in a single volume, and say it in the concrete way which the temperament of the undergraduate student and the exigencies of the college examination require.

The authors take sincere pleasure in acknowledging the valuable assistance of Professor Richard T. Ely and Professor John R. Commons, of the University of Wisconsin, who have read the manuscript and have made many helpful suggestions. To Mr. Max O. Lorenz we are indebted for many valuable suggestions concerning the distribution of wealth. Acknowledgments are also due to numerous correspondents in different parts of the country who have

furnished information, particularly the various persons and firms whose experience in profit sharing furnishes the basis for a portion of the chapter upon that subject, and to the editors of coöperative papers and the organizers of coöperative associations, who have furnished valuable material.

CONTENTS

INTRODUCTION.

BOOK I.

INTRODUCTION

GENESIS OF THE LABOR PROBLEM

CHAPTER I

THE LABOR PROBLEM AND ITS GENESIS

In a very general and abstract sense there is such a thing as *the* labor problem, which may be defined as the problem of improving the conditions of employment of the wage-earning classes. Of course, this simplicity of definition is largely verbal. There is no one labor problem whose solution would carry with it the settlement of all others; and we shall always have labor problems so long as there are conditions of employment capable of improvement. The consequence is that when we begin to study the problem it divides up into a number of evils and abuses like sweating and child labor, for each of which in turn a number of practical remedies are in use or under active consideration. It is true, nevertheless, that most of the important labor problems have their roots in three or four great social institutions. These institutions it is desirable to keep firmly in mind, not only because of their exceptional importance, but in order that the somewhat overwhelming mass of details cited in the following chapters may be given a certain unity of meaning and import, without which they become unintelligible and wearisome.

First of all, naturally, is the wage system itself. If our industrial order rested either upon a basis of slavery

or upon one of socialism the problem would be entirely different. Under those systems, if successfully operated, the laborer would be assured a place to work and a minimum, at least, of food, clothes and shelter. Under the wage system, on the other hand, the laborer takes upon himself the responsibility of securing work and of supporting himself and family. More important still, he must do this by selling his services to the great masters of industry. He has become not only a producer, but a merchant as well. He must acquire a certain strength or skill, and then sell it to the best advantage. Slowly and gradually institutions are perfected to strengthen his weakness and ignorance in this bargaining with the employer. Society creates customs which harden into standards of life or comfort, and assist the laborer to bargain more effectually. The laborers themselves combine in trade unions, by which these standards are more consciously fixed and more tenaciously maintained; and in time the laborer begins to bargain through agents—walking delegates. Underlying all the problems which will be discussed, however, is this system which casts upon the laborer the responsibility for his own maintenance, which makes him merchant as well as producer, and compels him to take his chances and stake his welfare upon successful bargaining in the labor market.

Second in order, and not less important than the wage system in accounting for the peculiar nature of the problem, is the highly capitalized form of modern industry. The introduction of the capitalistic system has been

followed by great and unmistakable progress in many ways, such as a general increase in wages and a rapid elevation of the standards of life and comfort. These evidences of progress are discussed in some detail in the last chapter. At this point we desire to emphasize those more unpleasant characteristics of the present industrial system which aggravate and intensify the labor problem.

To work successfully to-day in most lines of industry, men must own or control a large capital, which is usually embodied in extensive, complex mechanical plants, and the plan under which production is carried on within these plants is usually called "the factory system." The factory system itself is directly responsible in a large degree for many labor problems—child labor, industrial accidents, factory regulation, the unemployment resulting from the invention of labor saving machinery, and other evils. It is indirectly responsible, however, for more and sterner problems than these.

The great majority of men do not possess the abilities or the opportunities to secure the large capital necessary for the successful conduct of a modern business. For the masses, indeed, it is true and increasingly true, that once a wage-earner always a wage-earner. This permanency of status makes the labor problem in one respect a class struggle. The laborer feels that he is permanently held within a class whose interests are, in part, antagonistic to those of the employers with whom he bargains and higgles over wages. Fortunately or unfortunately, too, industry becomes more highly capitalized as time passes,

making it increasingly difficult for men to acquire industrial independence, and steadily reducing the proportionate number of those who can set up establishments of their own. To some it seems that the complexity of industry has outrun human ability, leaving a smaller and smaller proportion of men who are fitted to direct and control. Others explain the phenomenon by asserting that, owing to a mechanical tendency towards centralization of business, a decreasing proportion of men have the exceptional means and opportunities to rise to industrial independence. Whatever the explanation, there can be no doubt of the fact that the ultimate control of industry is passing into relatively fewer and fewer hands, with the result that the power and wealth of the few who do reach the top are so enormously swelled that they would threaten—if misused—the purity and stability of the government itself. The labor problem is thus intensified by a grave social problem, arising from the strikingly unequal distribution of wealth.

These, then, are what may be called the fundamental factors of the modern labor problem,—the wage system, the permanent status of the wage-earning class, the factory system—with all which that implies,—and the extreme concentration and control of wealth in the hands of a very small proportion of the population. It is absolutely necessary to keep these fundamental conditions firmly in mind; but it is just as necessary to remember that, permanent as such institutions may seem, they are but steps or stages in a centuried process of evolution,

whose past unfolding is as profoundly significant as its future course is fascinating and mysterious. Let us glance briefly at the genesis of the wage system and modern capitalism, the two pillars of the present industrial system.

Almost the first laboring class that historical records disclose was composed of slaves. In the development of human society from savagery to civilization there came a time when a comparatively sedentary agricultural life suggested a possible economy in the disposition of captives, by the substitution of slavery for slaughter and cannibalism. Thus it happens that in all the great militant nations of the world, the laboring population has passed through the stages of slavery and serfdom. At Athens, for instance, in 309 B. C.—though the statistics have been questioned by some authorities—we are told that there were 400,000 slaves in a total population of 431,000. In Ægina at the time of Alexander the Great, according to Aristotle, there were 470,000 slaves; and a little later, in Corinth, a citizen body of 40,000 owned and controlled 640,000 slaves. In Rome, after the second century before Christ, the same condition prevailed,—"everywhere the great part of the manual work in agriculture, mining, trade and commerce was performed by slaves;"—the institution of slavery was entrenched among the barbarian conquerors of Rome; and in England it lingered until about a century after the Norman invasion.

Slavery slowly softened into serfdom, and serfdom

into the wage system. The last serf did not disappear from England until the eighteenth century, and in other countries of the world serfdom lasted well into the nineteenth century. We need not linger over these facts. The point which concerns us is why serfdom was replaced by the wage system.

Three causes stand out preëminent. In the first place, bondage is repugnant to the deepest instincts and highest ideals of the human race. The simple, animal instinct for freedom must have played an important part, aided as it was by the better teachings of the church and the common law, whose leaning, in England at least, was always toward the side of liberty. Secondly, bondage as a system became socially wasteful and uneconomic. Freedom gave fuller play to the incentive of self-interest. Thirdly, it became profitable for the people who owned the land to which the serfs were bound, to commute the old personal services into money dues,—to divest themselves of the responsibility for the welfare of their vassals, while retaining a money equivalent for the old feudal obligations. Serfdom, then, passed away because it was at once inequitable and uneconomic.

The modern system of capitalization is often explained as a direct and immediate result of the industrial revolution of the eighteenth century, the main features of which are now so generally understood that it is unnecessary to recite them here. This explanation is substantially correct, provided we do not misconstrue the nature of the industrial revolution itself. Many accounts of the in-

dustrial revolution greatly exaggerate the suddenness of the changes which characterized it, and give the impression that some mysterious stirring of the human mind caused a meteoric burst of new discoveries and inventions, from which flowed, as immediate results, the factory system, modern capitalism, and the separation of classes, with all their consequences and accompaniments. This interpretation disguises the real nature of the industrial revolution and of the modern labor problem, both of which are perfectly natural and logical results of economic progress and of the ceaseless effort to make more and better things at a lower cost. In order to emphasize this familiar, but very important truth, let us note in bare outlines the development of mechanical industry from the introduction of the wage system to the period of the industrial revolution.

As the feudal system disintegrated, industry passed from the manors to the free cities and chartered towns, where the escaped serf who eluded his master for a year and a day became free, and where trade and industry were regulated by the gilds. Industry under the gild system was at first simple and paternalistic. The master or manufacturer worked in his own home, assisted by a few apprentices, who moved in their employer's family on terms of equality, and might reasonably hope some day to marry into that family and so succeed to the business, or in other ways to acquire independent establishments of their own. The authorities are singularly unanimous in agreeing that in the beginning the craft gilds were bene-

ficial, not only to industry and the laborer, but to the consumer as well. They were monopolies and no man could practice a trade in a city who was not a member of the gild which regulated that trade; but they prevented conflicts of interest, guaranteed the quality of goods, stimulated the organization and division of labor, trained skilled workmen, regulated apprenticeship, and bestowed upon the artisans the military system demanded by the circumstances of the time. Moreover, their tone was distinctly moral and educational, while they served as the great benefit societies of the middle ages, lessening pauperism, promoting thrift, and cultivating in their members the qualities of good workmanship and active citizenship.

As time passed, however, the gilds became close corporations, jealous of their rights and privileges. Membership and mastership both became hereditary; the dues were raised; production was limited to keep up prices; and onerous regulations were introduced, which hindered the march of progress in production and exchange. After the gilds became more aristocratic, too, the old transition from apprenticeship to journeymanship, and from journeymanship to mastership, which in the beginning had been easy and practically universal, became exceedingly difficult. A class of permanent journeymen was created, which became large and relatively numerous in western Europe during the sixteenth and seventeenth centuries. With its appearance the forces antagonistic to the gild began to obtain the mastery. In 1680 the

author of *Britannia Languens* records that "most of our ancient corporations and gilds (have) become oppressive oligarchies,"[1] and a few years later in England their influence was at an end; though on the continent the gild retained its importance until the nineteenth century, while in Germany and Austria it has in recent years been revived.

It is plain that the separation of the capitalistic and wage-earning classes was due in part to the desire, apparently ineradicable from the human mind, to maintain a social superiority, once gained, by the erection of class barriers. When a few of the mastercraftsmen had accumulated fortunes, they began to ape the manners of the landed aristocracy, conceived the ambition of founding families, and began to marry chiefly within their own or a higher class. In the gilds the richer and more powerful masters separated themselves into a distinct class, while the gild government came under the control of a still smaller group, the "Court of Assistants," whose regulation of industry became monopolistic, avaricious and harsh. Excessive fines or entrance fees were required upon the admission of apprentices into the mastership, the period of apprenticeship was excessively lengthened, and the custom sprang up of requiring apprentices to take oath that they would not set up competing establishments without the masters' permission, a practice that in England was prohibited by Parliament in 1536.

[1] Quoted by Hibbert, *Influence and Development of English Gilds*, p. 103.

This innate tendency to class seclusion must undoubtedly be numbered among the causes which explain the appearance of capitalism and the segregation of a class of permanent wage-earners. A far more potent cause, however, is found in the great economies effected by production on a large scale. A man working with a tool is much more productive than a man without any mechanical assistance, and a man aided by many and costly tools is immeasurably superior to the man with one. The superiority conferred by the possession of capital tends to grow and increase; its advantages are cumulative.

Whatever the explanation of the appearance of a capitalistic class, there can be no doubt of its existence long before the industrial revolution. On the continent a class of wealthy entrepreneurs—the merchant clothiers—appeared in the woolen industry as early as the thirteenth century; and in certain parts of England that industry had passed beyond the domestic stage as early, at least, as the beginning of the sixteenth century. Referring to the new system in England Mr. Cooke Taylor tells us in his *Modern Factory System* (page 48) that "the increase of machinery employed under it had already become so alarming by the time of Edward VI, that a statute (50 and 60 Ed. VI) was passed in that reign regulating its use, while long before, and even by the end of Henry VII's reign, a class of great capitalists had arisen, using its methods on a very large scale indeed."

The industrial revolution was not a cataclysm of me-

chanical inventions and social transformations. *Natura non facit saltum.* It came gradually. Thoughtful men were expecting it. The way was prepared for it. It was understood that industry was on the eve of great developments and that improvements in production were imperatively demanded. The possibilities of steam as a motive power in industry were well understood many years before James Watt patented a workable engine in 1769. Many of the inventions which transformed the textile industry in the latter half of the eighteenth century were long preceded by mechanical devices which differed from these inventions only in so far as they were impracticable or costly of operation. The spirit of the times is illustrated by the fact that the Royal Academy, realizing the handicap imposed upon the textile industry by the excessive time required for spinning yarn, "offered a prize for the invention of a machine that would spin several threads at the same time." The factory system was not accidental; it was the inevitable result of the unceasing effort to reduce the cost of production. Production by machinery, like production on a large scale in general, came because it was economical, uprooting old institutions, extinguishing tenacious customs, widening the gulf between the masters and the servants, dislodging the old landed aristocracy, doing an infinite amount of damage in an infinite number of ways, but rendering possible in the end a vastly greater production and consumption of material wealth.

The genesis of the labor problem is full of instruction for the student of that problem as it now confronts us. Time was when the wage system, private property in land, and the industrial combination did not exist, and the time may come when they shall no longer exist. No social institution is inherently immortal, or above and beyond the touch of the iconoclast or reformer.

Nevertheless, we may be certain that every deep-seated social institution will endure until a better substitute is provided, capable of performing the old function in a more economic way. The test of the possible reform is its power of decreasing cost or augmenting production. We may rebel against the materialism of this criterion, but deny it we cannot. If economic history teaches one lesson of indisputable meaning, it is the utter inevitableness of the method, machine or institution that makes for economy. We may—indeed, we must—ameliorate its temporary destructiveness, but thwart it we cannot. Such is the law of progress, and progress is inevitable. Not without interruption from men and institutions, and not without guidance at times by combinations of men in legislature, church and trade union, but in its ultimate direction irresistible and irreversible, the car of industrial progress has travelled its appointed way, improving, enlarging, but always complicating the mechanism of industry, and so ceaselessly reducing the proportion of independent workers. Capitalism, the separation of the industrial classes, and the labor problem are the products of progress itself.

It is some comfort to reflect that our problems are the problems of progress, the growing pains of youth, and not the signs of approaching decay. Of course, it avails nothing to the man who is thrust aside or maimed by the car of progress, to be told that his suffering is a mere incident in the upward march of society. This truth, indeed, carries with it a supplementary lesson of the gravest consequence: society must learn to minimize the unfortunate incidents of progress, and systematically compensate those who are injured literally for humanity's sake, because it is just this incidental and temporary destructiveness of progress that accounts for the gravest economic and social evils of our epoch. Moreover, society must learn to restrain the capricious plunging, the unnecessary deviations of our figurative vehicle; and as invention crowds upon invention, and revolutionary methods replace those to which we are accustomed and to which we have accommodated ourselves,—in a word, as progress becomes more rapid, social regulation must increase. No greater truth has ever been enunciated by an American economist than the proposition, so ably maintained by Professor Henry C. Adams in his *Relation of the State to Industrial Action*, that public regulation must proceed *pari passu* with the development of private trade and industry. The true ideal of society is not *laissez-faire*, but economic freedom, and freedom is the child, not the enemy, of law and regulation.

REFERENCES: Excellent bibliographies upon labor and specific labor problems may be found in S. S. Whittlesey's *Massachusetts Labor Legislation* (1901); J. W. Black's "References on the History of Labor

and Some Contemporary Labor Problems," *Oberlin College Library Bulletin*, vol. I, No. 2 (1893); *Index of All Reports Issued by Bureaus of Labor Statistics in the United States*, published by the (U. S.) Department of Labor in 1902; Helen Marot's *Handbook of Labor Literature* (1899); and Josiah Strong's *Social Progress* (1904). A large amount of data on all the problems treated in this book, except the rise of the labor problem, is collected in Mr. Bolen's admirable work, *Getting a Living*. The best sources of current information are the reports and periodical bulletins of the federal, state and foreign labor bureaus, particularly those of the United States, New York, Massachusetts, the United Kingdom, France, Belgium, and the German *Reichs-Arbeitsblatt*. The most satisfactory sources in English concerning the genesis of the labor problem are the standard books upon English economic history, such as Ashley's *Introduction to English Economic History and Theory;* Cunningham's three volumes on *The Growth of English Industry and Commerce;* Traill's *Social England;* Hobson's *The Evolution of Modern Capitalism;* Cheyney's *Industrial and Social History of England*. For the economic history of the United States see McMaster, *History of the People of the United States;* Brace, *First Century of the Republic;* Bruce, *Economic History of Virginia in the Seventeenth Century;* Weeden, *Economic and Social History of New England;* Wright, *Industrial Evolution of the United States;* and Ely, *Studies in the Evolution of Industrial Society*.

SUPPLEMENTARY READINGS:

1. Nature of the Labor Problem:
   - (*a*) Levasseur, *The American Workman*, "Preface," pp. xi-xx.
   - (*b*) Brooks, "The Social Question," *The Social Unrest*, ch. IV, pp. 107-143.
   - (*c*) Ely, "Survey of the Field," *The Labor Movement in America*, ch. I, pp. 1-6.
2. The Genesis of the Labor Problem:
   - (*a*) James, "The Rise of the Modern Laborer," *The Labor Movement* (G. E. McNeill, ed.), ch. I, pp. 1-20 (convenient, but somewhat biassed).
   - (*b*) "History of Mechanical Labor," *ibid.*, ch. II, pp. 21-44.
   - (*c*) Cheyney, "The Period of the Industrial Evolution," *Industrial and Social History of England*, pp. 199-239.
   - (*d*) Taylor, "Rise of the Modern Factory System," *The Modern Factory System*, ch. II, pp. 44-66.
   - (*e*) Toynbee, "Condition of English Wage Earners in 1760," *The Industrial Revolution*, ch. VI, pp. 67-72.
   - (*f*) Ely, "Rise of the Problem in America," *The Labor Movement in America*, pp. 34-60.
   - (*g*) Brooks, *ibid.*, "The Social Unrest," ch. III, pp. 68-106.

BOOK I

EVILS

CHAPTER II

WOMAN AND CHILD LABOR

Out of the industrial revolution and the transition from domestic to factory industry arose, as one of the earliest and most serious evils of the modern wage system, the problem of woman and child labor. With the changes in methods of production which removed the traditional occupations of women from the home, they themselves were forced into wage labor in factories, while with the introduction of light running machinery young children were put to productive and profitable use.

In general, it may be said that the apparent increase in laboring women is largely a matter of adjustment to changed industrial conditions. Women are to a great extent supplying the same needs that they have always supplied, but they are now receiving wages and are working outside of the home. There is, however, a certain amount of true enlargement of woman's sphere of activity, due to the increased productivity of machinery and to the fact that many of her previous occupations were those in which human wants are least capable of expansion—the satisfaction of the common needs of physical existence. The oversupply of women in their traditional lines of activity has forced many of them into other

occupations, often in competition with men. This competition is the economic evil of woman's labor, while the social evil is the effect upon the women themselves and upon the home. Both evils are relative.

Child labor, on the other hand, is generally acknowledged to be an irreparable injury to the children and to society at large. Bodies and minds are stunted and deformed; crime, violence and all of the social evils which spring from a brutalized population are fostered; and the total industrial efficiency of the individual is immeasurably lessened.

1. *Historic Conditions and Development of Legislation in England:* Though the labor of women and, to a certain extent, that of children, was utilized under the domestic system, it was the introduction of labor saving machinery, the improvements in methods of production, and the development of commerce characteristic of the nineteenth century that produced the distinctive evils of which complaint is now made.

In the early factories and mines of England these evils, —long hours, insufficient wages, over-exertion, lack of opportunities for education, forced neglect of home duties, and many others,—attained probably their greatest intensity, though affecting only a small number of women and children as compared with the modern army. There is abundant testimony, however, to the terrible conditions, physical, mental and moral, which prevailed, and harrowing details are heaped up in English blue

books.[1] "The beginning of the present century found children of five, and even of three years of age, in England, working in factories and brick-yards; women working underground in mines, harnessed with mules to carts, drawing heavy loads; found the hours of labor whatever the avarice of individual mill-owners might exact, were it thirteen, or fourteen, or fifteen; found no guards about machinery to protect life and limb; found the air of the factory fouler than language can describe, even could human ears bear to hear the story."[2]

The first form under which the evils of child labor became so serious as to inspire legislative restriction was pauper apprenticeship. Agreements were made between the manufacturers and the parish workhouses whereby many thousands of children were sent to the factory towns to become practically slaves. A little later "a horrible traffic had sprung up; child-jobbers scoured the country for the purpose of purchasing children to sell them again into the bondage of factory slaves. The waste of human life in the manufactories to which the children were consigned was simply frightful. Day and night the machinery was kept going; one gang of children working it by day, and another set by night, while, in times of pressure, the same children were kept working

[1] For further particulars of the early nineteenth century conditions of woman and child labor in England, and of the legislation enacted to meet these conditions, the reader is referred to: Engels, *Condition of the Working Class in England in 1844*, pp. 141-177, 188-211, 241-251; Marx, *Capital*, pp. 241-248, 263-284, 391-400, 466-512, 715-718, 783-786.

[2] Walker, *Political Economy*, p. 381.

day and night by remorseless task-masters.''[1] It was for these pauper apprentices that Sir Robert Peel procured the legislation of 1802, providing that twelve hours should constitute a day's labor.

Gradually, as the factory system developed, apprenticeship was crowded out. Steam was substituted for water power; factories were built in cities; and machinery was constructed upon a larger scale. More work was found, then, for women and for "young persons," as children above the minimum age limit are called in English law, and there gradually arose a new phase of child labor, the wage-labor of children who lived at home and to whom the Act of 1802 was wholly inapplicable.

In 1816 a physician testified before the Select Committee, appointed to investigate the question of the employment of children, that of about twenty-three thousand factory hands examined by him fourteen thousand were under the age of eighteen. Children of six were commonly found in all the factories, while even younger infants were sometimes employed. For these children twelve hours was a short day's labor, fifteen was not uncommon and sometimes they were obliged to work for sixteen hours a day. The disclosures of this committee led to the passage of the Acts of 1819, 1825 and 1831, the first two of which were never enforced and the last only here and there. The Act of 1819 forbade the employment of children under nine and limited the hours

[1] Hodder, *The Life and Work of the Seventh Earl of Shaftesbury*, p. 76.

of those between nine and sixteen to twelve per day; that of 1825 made a partial holiday on Saturday compulsory for children; that of 1831 forbade night work to all under twenty-one, and raised the age from sixteen to eighteen of those whose hours were limited, at the same time lowering their day's work from twelve to eleven hours.

Another investigation, secured by the efforts of Lord Shaftesbury in 1833, showed that conditions were little improved in the cotton mills, while the same abuses had spread to other industries, involving many thousands of children. This report, which fairly bristles with the most revolting cases of extreme cruelty and hardship, resulted in the Act of 1833, a compromise measure, the two chief features of which were the provisions for factory inspection and for school attendance.

In 1842 a Commission appointed to inquire into the employment of children in mines and collieries reported that one-third of all the employees in the coal mines of England were under eighteen years of age, and that of these much more than half were under thirteen. The census of 1841 showed that about six thousand women, half of them under twenty, were employed in mines in Great Britain alone. The result of this report was the passage in 1842 of the Mines and Collieries Bill, which prohibited the employment in underground mines of women and of children under ten years of age.

Meanwhile a vigorous agitation was going forward for the restriction of the hours of labor of women and chil-

dren to ten per day, and in 1844 this resulted in a compromise measure which limited the hours to eleven per day and placed women over eighteen for the first time in the restricted class. Another important provision was that which required of children under thirteen a half day's school attendance, limiting their hours to six and a half.

Finally, in 1848, the Ten Hours Bill was passed, limiting the working hours of children under thirteen to five a day, and of all women and "young persons" under eighteen to ten a day. This act may be considered as the basis of modern legislation upon the subject of woman and child labor, and it was followed by various provisions improving the means of enforcement, bringing new industries within its scope, adding sanitary regulations, and in other ways aiming to secure for women and children more favorable conditions of labor.

In 1878 all previous legislation was consolidated into one great factory act, which for a quarter of a century stood as the model factory law of the world. On January 1, 1902, however, a new and yet more complete factory code, which raised the minimum age from eleven to twelve years, went into effect.

2. *Rise of the Problem in the United States:* Although, in the United States, the problem of woman and child labor arose from much the same causes and followed much the same line of development as in England, it presented, from the first, certain important differences. First, there has practically never been in the United

States the pauper apprentice problem; second, women and girls have never been employed in mines; third, the United States has profited to a certain extent from the experience of England with reference to the building and arrangement of factories; fourth, certain industries which in England have given employment to large numbers of children have never flourished in this country, *e. g.*, chimney sweeping and the manufacture of lace; fifth, the wages of women have always been higher in this country than in England, owing to the same causes that have made the wages of men higher; sixth, legislation has been enacted here at a comparatively early stage in the development of the system.

In some places in the United States early conditions of factory labor have been described as almost idyllic. At Lowell, Massachusetts, the daughters of the farmers from round about were induced to enter the factories only by the special bait of good wages, city advantages and intellectual life. There were no social distinctions. Plants grew in the factory windows, and everything was clean and comfortable. Wages were high and the girls frequently had large bank accounts. Nevertheless, the hours of labor were twelve a day.

Conditions in other states were from the first, however, entirely different from those in New England, and it was not long before the tide of immigration, which had early reduced the cities of New York and Pennsylvania to the status of English factory towns, began to lower the standards even in conservative Massachusetts. As a result,

by 1879, in that state, little children from eight to eleven years old were put to work, and the hours ranged from eleven to fourteen a day.

Wherever the foreign element penetrated, the need of exceptional wages and treatment in order to secure "hands" disappeared, and with the increased efficiency of the means of transportation and communication conditions everywhere tended rapidly to equalize themselves. The Civil War, moreover, threw thousands of women upon their own resources; they were obliged to compete with men; and the result was the permanent opening up to the sex of many new fields of employment.

Within comparatively recent years the numbers and the proportions of both women and children gainfully employed have increased decidedly, as is shown by the Occupation figures in the United States Census Reports. In 1880 the total number of females 10 years of age and over engaged in gainful occupations was 2,647,157, while in 1900 it was 5,319,397, or more than double the former figures. The proportion gainfully employed to the total female population meanwhile increased from 14.7 per cent. in 1880 to 17.4 per cent. in 1890 and to 18.8 per cent. in 1900. This increase was general throughout all the divisions of the United States, but was evidently not as marked between 1890 and 1900 as during the previous decade.

Though the statistics of child laborers in 1890 were so seriously defective as to be wholly invalidated,[1] the gen-

[1] For evidence of this fact see the *Twelfth Census of the United States, Occupations*, pp. lxvi-lxxii.

eral movement can be satisfactorily ascertained by comparing the figures for 1900 with those for 1880. At the latter date 1,118,356 children from 10 to 15 years of age, or 16.8 per cent. of all in that age group, were engaged in gainful occupations, while in 1900 1,750,178 children, or 18.2 per cent. of the same age group, were gainfully employed. The proportions for female children were much lower in both decades, being 9.0 per cent. in 1880 and 10.2 per cent. in 1900, but the proportions for male children were much higher and showed a comparatively rapid rate of increase, rising from 24.4 per cent. in 1880 to 26.1 per cent. in 1900. Child labor, however, has not increased so rapidly as woman labor, and the movement is not so uniform through the different geographical divisions, though increased proportions are shown for each sex in all the divisions except the South Central, in which the proportion for female children was slightly smaller in 1900 than in 1880.

On the other hand, in the proportion which children form of the total number of gainful workers there has been a slight decrease during the twenty years, due entirely to a movement among the boys, as is shown in the table on the next page, which gives for the United States, the distribution, as men, women, and children, of persons engaged in gainful occupations in 1880 and 1900.

There is evidently a marked advance in the relative importance of women in the industrial field, and a slight decrease in the relative importance of children. The increase, moreover, in the proportion of women in gainful

DISTRIBUTION OF BREADWINNERS

CLASS	1900		1890	
	Number	Per cent.	Number	Per cent.
Total.....	29,073,233	100.0	17,392,099	100.0
Men	22,489,425	77.3	13,919,755	80.0
Women.....	4,833,630	16.6	2,353,988	13.5
Children.....	1,750,178	6.1	1,118,356	6.5
Boys.....	1,264,411	4.4	825,187	4.8
Girls.....	485,767	1.7	293,169	1.7

occupations is common to all sections of the country, while the decrease in the proportion of children appears in every division except the Western, where the percentages are very small.

The proportions of women and of children to men in the gainfully employed population differ considerably in the various geographical divisions, but this difference is not the same for both. The North and South Atlantic divisions, for instance, showed in 1900 the largest proportions of women 16 years of age and over, 20.2 and 19.3 per cent. respectively. In the North Atlantic division, however, only 3.6 per cent. of the gainful workers were children, while in the South Atlantic division 11.2 per cent. were from 10 to 15 years of age. The proportion of children is even higher, 11.5 per cent., in the South Central division, where the proportion of women is only 15.7 per cent. The North Central and Western divisions show the largest proportion of men, and the smallest of women. The smallest proportion of children is found in the West-

ern division, but in the North Central division there is employed a larger proportion of children, 3.8 per cent., than in the North Atlantic division. Evidently the Atlantic states employ the largest proportion of women as compared with men, and the Southern states the largest proportion of children as compared with both men and women, while in the Western states woman and child labor are both of relatively small importance. By states and territories the employment of women ranged in 1900 from 31.8 per cent. in the District of Columbia to 6.6 per cent. in Wyoming, and the employment of children from 16.6 per cent. in South Carolina to 1.0 per cent. in Montana.

The conclusions to be drawn are: (a) that the number of female breadwinners is increasing faster than the number of male breadwinners, and much faster than the adult female population; (b) that the number of gainfully employed children, though it does not increase quite as rapidly as the number of gainful workers of all ages, has still grown faster than the total population 10 to 15 years of age; (c) that, to a certain extent at least, women may be said to have displaced both children and men in gainful occupations; (d) that the largest proportions of women as compared with men engaged in gainful occupations are found in the two Atlantic divisions, though the largest numbers are found in the North Atlantic and the North Central divisions; and (e) that the largest proportions of children as compared with adults, and also the

largest numbers, engaged in gainful occupations, are found in the two Southern divisions.[1]

3. *Legislation in the United States:* As in England so in the United States it has gradually come to be recognized that the moral and physical well-being of the community demands the legal restriction of woman and child labor, and nearly every state in the union has upon its statute books some form of legislation upon this subject.[2] The laws affecting children rest upon the parental relation of the state and, as the child is not supposed to be capable of entering into a free contract, their constitutionality is unquestioned. The legislation upon the subject of woman labor, on the other hand, rests upon the police power of the state, and its constitutionality has been attacked upon the double ground that it is class legislation and denies the right of free contract. These laws relate, in general, (a) to the age limit below which employment is illegal, (b) to the hours of labor of both women and children, and (c) to the question of education. The requirement that seats shall be provided for women employed in manufacturing, mechanical and mercantile establishments is also general.

The age limit varies from ten to fourteen years, and a still greater variation is shown in the industries to which this compulsory age limit applies. There is no state

[1] Statistics concerning the number and proportion of young persons, 16 to 20 years of age, are also given in the *Twelfth Census, Occupations*, pp. cxxxix-cxliii.

[2] Appendix A contains a table of woman and child labor laws in force May 1, 1904. For a brief summary of the legislation relating to child labor, see *Bulletin of the Bureau of Labor*, No. 52, pp. 558-569.

which establishes a compulsory age limit for all occupations at all times, though a number of states provide that children below a certain age shall not be employed at any occupation during school hours or without a certificate of school attendance. Very frequently, also, laws directed against the employment of children in circuses, acrobatic performances, street dancing, etc., are made so general as to include all occupations dangerous to the health or morals of children. This provision, however, has never been so strictly enforced as to be of great value. In many cases the age limit applies merely to children in factories, though sometimes it is made applicable to children in laundries, telegraph and telephone offices, messenger service and other lines of work. In Boston, New York and Buffalo the work of children in streets and public places is regulated by recent laws applying particularly to newsboys, but in Boston also to bootblacks and children selling other articles than newspapers.

The regulation of the hours of children is somewhat more common than of the hours of women, owing to the recent tendency to consider any interference with the hours of women, except in the absence of contract, as unconstitutional. Although such regulation has been sustained in Massachusetts, "the constitutionality of making discriminations between men and women in this regard was not specifically discussed by the court, and the language of the decision was broad enough to apply to all persons, both men and women."[1] An Illinois statute,

[1] *Industrial Commission*, XIX, p. 929.

however, was declared unconstitutional by the Supreme Court of that state, first, as denying women the right to contract, and second, as class legislation. Though for a time it seemed probable that the Illinois decision would prevail, the United States Supreme Court, in its decision in the case of Holden vs. Hardy, upholding the Utah law limiting the hours of all employees in mines and smelters to eight per day, turned the current of opinion, and the Supreme Courts of both Nebraska and Washington have recently upheld laws limiting the hours of women. Though the theory that women, like children, are under the special protection of the state is gradually yielding to a more liberal idea of the economic and civil position of women, such laws are likely to be generally upheld in the future upon the ground that they are necessary health regulations.

The educational provisions may be divided into two classes, the general compulsory education laws, and those provisions of child labor legislation which make a certain amount of knowledge, or at least of instruction, a prerequisite to employment. The compulsory education laws, if properly enforced, might effectively supplement the child labor laws, though they are frequently weakened for this purpose by the fact that their maximum age limit is not the same as the minimum age limit of employment.

Compulsory education is the rule in the North, but the exception in the South. The educational provisions of the child labor laws either require of all children under a certain age, which ranges from fourteen to sixteen, a

certificate testifying to a specified number of weeks' school attendance during the previous year, or else they simply assert that no child under a certain age, who can not read and write simple sentences in English, shall be employed. The latter method was designed to secure the assimilation of immigrant children, but has proved most useful as a means whereby the true object of education can be more advantageously effected than by the mere assurance that so much time has been spent within the four walls of a schoolhouse.

An important part of this legislation is the machinery by which it is enforced. There is generally incorporated in each law one or more of the following provisions: (a) for affidavits of age, (b) for school certificates, (c) for medical certificates of physical fitness for the work, (d) for posting of working hours in all rooms where children or women are employed, and (e) for keeping on file or posted in the room a list of all children under a certain age there employed. The affidavits of age are usually required for all under sixteen in order the better to prevent the employment of any below the minimum age limit of twelve or fourteen years. These affidavits are usually made by the parents or guardians, though frequently it is required that the age certificate, as well as the school certificate, must come from the school authorities. Massachusetts and New York have an excellent provision under which parents must supply some real evidence that the child is over fourteen years of age, such as a copy of a birth or baptismal certificate, or some convincing school

record, and the recent decision, in the Child Labor test case in which the Chelsea Jute Mills were defendants, holds the employer responsible even though the child's parents state its age falsely.

The one essential, however, for the enforcement of woman and child labor legislation is thorough, competent and honest inspection. "The serious effectiveness of these laws develops in exact proportion with the inspecting power,—with the organization, number and qualification of inspectors."[1] The principal methods of inspection are: (a) by a factory inspection department, (b) by commissioners of labor, and (c) by the police. In certain western states where the need of inspection is comparatively slight, the commissioner of labor has been charged with the duty of enforcing these laws. The separate department of factory inspection was for many years the New York method, though recently in that state it has been placed under the Department of Labor. Factory inspection as a branch of the police department has been very successful in Massachusetts, where the factory laws are probably more thoroughly enforced than in any other state, and where children employed without certificates are rarely found, and most of those found are over 14 years of age.[2] In essentials these two methods do not differ materially, however, as in both cases the work is carried on by a specially selected body of factory in-

[1] Whittlesey, *Annals of the American Academy*, Vol. XX, No. 1, p. 241.

[2] *Bulletin of the (United States) Bureau of Labor*, No. 52, pp. 487-488. For the enforcement of age laws in other States see also *ibid.* pp. 488-494.

spectors working under the instructions of an officer whose sole function is the direction of this department.

One of the glaring weaknesses of the present woman and child labor legislation is its utter lack of uniformity. The laws of the different states range from elaborate statutes covering nearly every point ever touched upon in any country, as in New York, Illinois and Massachusetts, down to the utter lack of even the shadow of a regulation, as in Delaware and Georgia. If the character of the legislation corresponded with the relative need of each state it would not be so objectionable, but a comparison of the table of laws in Appendix A with the census tables showing the geographical distribution of working women and children proves that the laws are, frequently, fewest where the need is greatest. Under present conditions the stringent law of one state is often both a detriment to its own interests and a check on legislation in other states which desire the benefits of a cheap form of labor.

Other defects lie in the specific provisions themselves, in such absurdly low age limits as ten years, in the lack of regulation of street occupations and often of stores, laundries and other establishments, and in the insufficiency of twelve or sixteen weeks' school attendance. Some states allow young children, on account of poverty, special permits to work, and these privileges are not only frequently abused, but they rest upon a pernicious principle. Other states make the limitation of hours inoperative during the last weeks of December, and this also is liable to abuse.

In the South public opinion has only recently been aroused, and child labor legislation is still opposed at every step. Though the moral evil of child labor is conceded by most people in the South, it is maintained that the low standards of the working classes, together with the recent rise of the Southern states into the rank of manufacturing states, necessitates the employment of children. Recently, however, a determined effort on the part of the opponents of the system has secured legislation of a mild character in North and South Carolina and in Alabama, unaccompanied, however, by any provision for factory inspection. Voluntary agreements have also been formed to meet the evil. In Georgia the members of an association of cotton manufacturers "have signed an agreement to exclude from the mills children under 10 years of age, and those under 12 who can not show a certificate of 4 months' attendance at school," while before the enactment of legislation in North Carolina nearly all the mill owners had agreed to discontinue the employment of children under twelve.[1]

The greatest weakness of this legislation, however, is the difficulty of enforcement. The number of inspectors intrusted with carrying out its provisions is generally entirely inadequate and their powers are frequently insufficient. Only a few states provide women factory inspectors. There is, moreover, great difficulty in determining the age of children. Certificates are occasionally traded and sold among foreigners, and sometimes

[1] *Twelfth Census*, Vol. VIII, *Manufactures*, Part 2, p. 181.

a younger child will present the certificate of an older brother or sister. Children are taught to lie about their own ages, and church records often disprove the affidavits of parents. In one case in New York a girl, 14 years of age, "was born according to her certificate, only five months after her sister, who was working in the same factory and had taken out her certificate the year before."[1] Many other practical difficulties are constantly met with, especially among foreigners and in the cities.

The principal recommendations made by the Industrial Commission in the matter of child labor legislation were: (a) that a uniform law upon the subject of the hours of minors in factories be adopted for all the states, but not for persons, male or female, above the age of twenty-one, except in certain special industries, (b) that the employment of children in factories in any capacity, or for any time, under the age of fourteen, be prohibited, and (c) that child labor be universally protected by educational restrictions, providing that the ability to read and write shall be required for employment and that no child shall be employed except during vacation, unless he has attended school for at least twelve weeks during the previous year.

4. *Occupations of Working Women and Children:* Although most of the legislation discussed in the preceding paragraph has been aimed at evils peculiar to the manufacturing industries, the problems of woman and child labor are not confined to any single class of occupa-

[1] *Bulletin of the (United States) Bureau of Labor*, No. 52, p. 489.

tions, as is shown in the opposite table. The figures need no elaboration, but they do deserve careful notice, because the character of the particular occupation determines largely the good or deleterious effect of the employment of women, and minimizes or aggravates the evils involved in the labor of children. It is true, nevertheless, that certain evils, such as the necessity for constant standing, and the over-exertion of one set of muscles—particularly disastrous in the case of children—are common to many, if not most industries.

The fact, for instance, that the occupations represented in domestic and personal service (which in 1900 employed 1,953,467 women, or more than any other group) are all within woman's traditional sphere of activity and, even when they represent serious evils and abuses, do not form a new problem, is of the greatest importance in any consideration of woman labor. On the other hand, the employment of 770,055 women in agriculture, of which number more than one-half were agricultural laborers, seems discouraging, although a large proportion of these were Southern negroes. In the South, field labor is common, even for white women, and there are doubtless many evils connected with such employment. A large and increasing number of the women engaged in agricultural pursuits, however, are farmers, planters and overseers. These, with the 429,497 women in professional service, are probably the most prosperous workers of their sex.

By far the largest number of children employed in any

DISTRIBUTION BY MAIN CLASSES, OF FEMALES AND CHILDREN ENGAGED IN GAINFUL OCCUPATIONS, IN 1900

	Women 16 years and over		Boys, 10-15 years		Girls, 10-15 years	
	Number	Per cent.	Number	Per cent.	Number	Per cent.
Agricultural pursuits	770,055	15.9	854,690	67.6	207,281	42.7
Professional service	429,497	8.9	1,845	0.2	1,100	0.2
Domestic and personal service	1,953,467	40.4	137,049	10.8	141,982	29.2
Trade and transportation	481,159	10.0	100,174	7.9	22,188	4.6
Manufacturing and mechanical pursuits	1,199,452	24.8	170,653	13.5	113,216	23.3
All occupations	4,833,630	100.0	1,264,411	100.0	485,767	100.0

occupation group were found in agricultural pursuits, which in 1900 employed 854,690 boys and 207,281 girls. Almost all children of either sex engaged in agricultural pursuits were agricultural laborers. Although in many ways the employment of children in agriculture is not as objectionable as their employment in the manufacturing industries, there is good reason to believe that the early age at which they are sometimes put to work, especially in the South, is physically and mentally injurious, and enforces illiteracy upon the child laborers. In that section both white and colored boys of ten are engaged in plowing, while children are put to work to hoe and pick cotton by the time they are six years old.

The change in the distribution of the labor force of the nation is depicted in the opposite table. The increased industrial importance of women is shown in every occupation group, while the decrease in the proportion of children is due entirely to a movement in domestic and personal service, the percentage of children increasing in every other group. The most notable increase in the proportion of women was in trade and transportation, and of children in agricultural pursuits. Women, however, appear to be increasing relatively in nearly all the occupations of which these main classes are composed.

5. *Woman and Child Labor in the Manufacturing Industries*: It is, however, in the manufacturing industries that the most serious and wide-spread evils of woman and child labor are found, and in this group concentration in particular pursuits is not as marked as in the others.

COMPOSITION OF THE WORKING POPULATION, AND OF EACH MAIN CLASS OF BREADWINNERS: 1880 and 1900

	1900				1880			
	Men Per cent.	Women Per cent.	Boys Per cent.	Girls Per cent.	Men Per cent.	Women Per cent.	Boys Per cent.	Girls Per cent.
All occupations	77.3	16.6	4.4	1.7	80.0	13.5	4.8	1.7
Agricultural pursuits	82.4	7.4	8.2	2.0	84.7	5.9	7.6	1.8
Professional service	65.7	34.1	0.1	0.1	70.6	29.3	(a)	0.1
Domestic and personal service	60.0	35.0	2.5	2.5	62.0	31.5	3.4	3.1
Trade and transportation	87.3	10.1	2.1	0.5	94.7	3.2	1.9	0.2
Manufacturing and mechanical pursuits	79.1	16.9	2.4	1.6	81.0	15.4	2.3	1.3

(a). Less than one-tenth of 1 per cent.

Nevertheless, out of the 1,199,452 women engaged in manufacturing industries in 1900, 338,144 were dressmakers, the next largest number being seamstresses. Of the 170,653 boys the largest number were miners and quarrymen, while a considerable proportion of the 113,216 girls were seamstresses, dressmakers, tailoresses, milliners and shirt, collar and cuff makers. For both sexes of children and also for women the various textile mills furnished important occupations.

The statistics of manufactures, however, furnish a more satisfactory basis for a study of woman and child labor in the manufacturing industries than do the statistics of occupations. Though compiled from the returns of the manufacturers and embracing only this one occupation group, these figures distinguish between the employers and employees and are consequently applicable, as the occupation figures are not, in a study primarily devoted to the conditions of wage labor.

The changes which have taken place in the employment of women and children in the manufacturing industries during the thirty years from 1870 to 1900 are shown in the table opposite, which gives, for each decade, the percentage which the different classes formed of the total engaged in manufacturing industries, and also the percentage of increase of each class by decades:

Though the movement has been somewhat irregular, upon the whole the proportion of women has increased at the expense of both men and children, the latter decreasing very decidedly during the ten years which ended in

Year	Per Cent. Each Class is of Total			Per Cent. of Increase During Previous Decade			
	Men 16 years and over	Women 16 years and over	Children under 16 years	Total	Men 16 years and over	Women 16 years and over	Children under 16 years
1900	77.4	19.4	3.2	28.1	23.5	24.9	39.5
1890	78.3	18.9	2.8	55.6	64.8	51.2	33.6[1]
1880	73.9	19.4	6.7	33.0	25.0	64.2	58.7
1870	78.6	15.8	5.6	....	....	....	....

1890, but increasing again during the last decade. The employment of women has increased, except from 1880 to 1890, more rapidly than the employment of men, the actual number of women nearly doubling between 1880 and 1900; while the employment of children increased from 1890 to 1900 more rapidly than the employment of either men or women, the actual number of children at the time of the last census being nearly forty per cent. greater than in 1890. Though these figures show the general tendency of child labor in the manufacturing industries, the apparent increase in children since 1890 is not entirely a real one, for while in 1890 the schedule called for the number of males above 16, females above 15, and children, in 1900, "the corresponding schedule called for men 16 years and over, women 16 years and over, and children under 16 years. The number of children as reported by the census, therefore, includes for 1890 boys under 16 and girls under 15, while for 1900 the figures include both boys and girls up to the age of 16. Other things remain-

[1] Decrease.

ing equal, this would lead to an increase in the apparent number of children employed.''[1]

Geographically, the labor of women in the manufacturing industries is of the greatest relative importance as compared with that of men in the New England and Middle States, and the labor of children in the Southern States. In 1900, indeed, the New England and Middle States together employed 68.4 per cent. of all the women, while the Middle and Southern States together employed 61.8 per cent. of all the children. Taking the United States as a whole, the percentage of women is higher in the urban and the percentage of children in the rural districts.

In many of the manufacturing occupations the labor of women is employed under conditions which tend, not only to promote various social evils, but also to lower seriously the plane of competition within the specific industry. Child labor, however, furnishes by far the more serious problem, for in nearly all these occupations, both in the North and in the South, little children can be found sacrificing their future efficiency as adults by severe, unsuitable or unhealthful labor. It is impossible to study in detail the many varieties of tasks performed, but at least two of the principal occupations of children demand some attention,—the manufacture of glass and the textile industries.

In the glass works more children are employed than in any other of the fifteen divisions of the manufacturing

[1] *Industrial Commission*, XIX, p. 916.

industries except textile factories. "It is stated that each man employed as a glassblower is required to furnish a boy as 'helper,' and that a combination of the padrone system and veritable child slavery exists. Incidentally it has been developed that many boys have been placed in the families of glassblowers by private child-placing societies and orphan asylums of New Jersey and Pennsylvania."[1] This has also been done by New York societies. In certain localities many of the children employed in glass works are under the legal age limit, and the night labor of young boys is common, as it is necessary to operate the factories continuously during the season.

The textile industries, however, rank first in the employment of women as well as of children. In the manufacture of cotton, for instance, women form 41.9 per cent. and children 13.3 per cent. of the total number of employees. This is the largest percentage of children in any of the subdivisions of textile manufacture. The largest percentage of women is 64.2 per cent. in hosiery and knit goods, and the next largest is 53.2 per cent. in silk manufacture. For the vast majority of children in the textile industries it is safe to say that there is little industrial training which fits them for adult labor, and less opportunity to advance; while the women are, for the most part, merely cheap laborers.

In the South the recent development of cotton manufacture has led to such evil conditions that universal attention has been attracted to the problem,—conditions

[1] *Annals of the American Academy*, Vol. XX, No. 1, p. 194.

so bad that they have even been compared to those that existed in England during the early days of the factory system. The employees of these Southern factories are an illiterate, ignorant set of white people, enticed from their isolated homes in the hills by the bait of wages and opportunities never before enjoyed. As a result of the needs, the ignorance and the moral obtuseness of these people on the one hand, and of the greed and selfishness of the manufacturers, especially those from the North, on the other, children are put to work in the cotton mills at an early age, sometimes as low as six years. Throughout the South the practice prevails of employing help by the family, the employer providing house room according to the number of "hands" which the head of the family can supply. The younger children are used as doffers in the spinning room and the older ones as spinners. Though the work itself is not very laborious, the confinement and the dust of the work-rooms are highly detrimental, while the children are even more commonly illiterate than are their parents. In 1899, for instance, an investigation in North Carolina showed that, out of 38,637 persons employed in 224 cotton and woolen mills, 82 per cent. of the adults and only 68 per cent. of the children could read and write. That thousands of factory children are growing up, not only stunted and frequently maimed in body, but also thoroughly illiterate, ignorant, unskilled and inefficient, is a reproach, as well as a social and economic menace to the South. Moreover, if the Southern states are to maintain their commercial position, they must before long

manufacture a higher grade of goods than at present, and this can not be done without the development of more skillful operatives, which in turn implies education and manual training instead of child labor.

6. *Nativity and Color of Working Women and Children:* Of all the females 10 years of age and over, engaged in gainful occupations in 1900, over one-third, or 36.2 per cent. were native white of native parents; nearly one-fourth, or 24.8 per cent., were negroes; nearly as many, or 22.3 per cent., were native white of foreign parents; and about one-sixth, or 16.5 per cent., were foreign white. Between 1890 and 1900 the proportion of native white of native parents and of native white of foreign parents increased slightly at the expense of the negroes and of the foreign whites.

The tendency towards the employment of woman labor is considerably greater, however, among the negroes than in any other element of the population, as is shown by the fact that more than two-fifths, or 40.7 per cent., of all the negro women 10 years of age and over were engaged in gainful occupations in 1900, while only about one-half that proportion, or 21.7 per cent., of the native white of foreign parents, 19.1 per cent. of the foreign white and 13.0 per cent. of the native white of native parents were so engaged. The proportion of female workers was higher in 1900 than in 1890 for each element of the native white population, as well as for the negro population, but for the foreign white females the proportion at work was slightly lower. These differences are not due entirely, however,

to the tendency of the various elements towards gainful occupations, but is partly the result of differences in age composition of the several elements. Nevertheless, it is safe to conclude that woman labor is most common among the negroes and least common among the native white of native parents, and that it tends to increase in all three native elements, regardless of color or parentage.

Working women of the negro race, however, are practically concentrated in two occupation groups, agricultural pursuits and domestic and personal service, while in the other three groups the native white of native parents form the largest proportion of the women workers. In 1900 negroes constituted about three-fifths, 59.5 per cent., of all the females 10 years of age and over engaged in agricultural pursuits and nearly one-third, 32.6 per cent., of all those in domestic and personal service. In agricultural pursuits, indeed, over 90 per cent. of all females engaged were either negroes or native white of native parents. Most of the negroes were farm laborers, while the majority of the native white females of native parents were farmers.

The native white of native parents were more evenly distributed than any other element, though they formed nearly two-thirds, 64 per cent., of all the women in professional pursuits, not far from one-half, 45.9 per cent., of all in trade and transportation and nearly two-fifths, 39.4 per cent., of all in manufacturing and mechanical pursuits. In trade and transportation and manufactur-

ing and mechanical pursuits the proportion of native white of foreign parents nearly equalled that of native white of native parents, and even in professional service the native white of foreign parents formed more than one-fourth, 26.3 per cent., of all the women, but in agricultural pursuits both of the foreign elements were of slight importance, each forming less than 5 per cent. of all the women engaged. The foreign white were, indeed, practically concentrated in domestic and personal service and manufacturing and mechanical pursuits, in each of which they formed more than one-fifth, 22.3 per cent. and 21.4 per cent. respectively, of the total female workers, while in trade and transportation they constituted about one-eighth, 12.6 per cent., of all the females.

To sum up, the native white women of native parents attained their greatest prominence in professional service, the native white of foreign parents in trade and transportation, the foreign white in domestic and personal service, and the negro in agricultural pursuits, while in manufacturing and mechanical pursuits all three white elements were prominent.

The disposition manifested by the several elements of the population to put their children to work, differs somewhat from the tendency displayed by the women of these classes to engage in gainful labor, as appears in the table on page 50.

The proportion of children of each sex at work was much the largest among the negroes, about one-half of all

PROPORTION OF CHILDREN 10 TO 15 YEARS OF AGE ENGAGED IN GAINFUL OCCUPATIONS, BY GENERAL NATIVITY AND COLOR

	Males Per cent.	Females Per cent.
Native white-native parents	24.3	5.7
Native white-foreign parents	16.9	7.9
Foreign white	29.2	20.3
Colored	48.6	30.1
Negro	49.3	30.6
Total	26.1	10.2

negro boys and nearly one-third of all negro girls 10 to 15 years of age being at work. The next largest proportion of children engaged in gainful occupations was found among the foreign white. A larger proportion of boys were employed among the native white of native parents than among the native white of foreign parents, mainly owing to the greater extent to which the native white parents were engaged in agriculture, but the native white of native parents showed the smallest proportion of girls.

As for the occupations of these children, the negroes were concentrated, like the women of their race, in agricultural pursuits and domestic and personal service, the foreign white were most prominent in manufacturing and mechanical pursuits, and the native white of foreign parents were largely engaged in trade and transportation and manufacturing and mechanical pursuits, while the native white of native parents were fairly evenly distributed, attaining greatest prominence in agricultural pursuits.

The negro children of both sexes formed, however, a much smaller proportion, 38.2 per cent., of all children 10 to 15 years of age engaged in agricultural pursuits than negro females formed of all females in the same occupation group, while native white children of native parents formed a much larger proportion, 53.1 per cent., than native white females of native parents. In domestic and personal service, however, the negro children formed exactly one-third, 33.3 per cent., of all children, while the native white children of native parents formed less than two-fifths, 38.4 per cent.

In manufacturing and mechanical pursuits native white children of native parents formed a smaller proportion, 40.5 per cent., than in any other group except domestic and personal service, but the foreign white children formed a larger proportion, 17.9 per cent., than in any other group, and the native white of foreign parents a larger proportion, 38.3 per cent., than in any other group except trade and transportation, in which 41.0 per cent. of all the children were native white of foreign parents. Trade and transportation, indeed, is the only group in which the number of native white children of foreign parents exceeded the number of native white children of native parents.

7. *Special Problems of Woman Labor:* There is nothing abnormal or objectionable about the mere fact that adult women are at work at most of the occupations in which men are engaged. Moreover, the wage labor of women, under the prevailing system, is open to few ob-

jections which can not be made equally to the wage labor of men. Even the conditions under which women work, while frequently representing greater hardships to them on account of their sex, are, in the main, different merely in quantity, and not in quality, from those under which men are employed.

There are, however, three distinct social or economic evils accompanying woman labor. First is the employment of married women, which usually means the neglect of the home, if not of young children. Second is the low, and often wholly inadequate, rate of remuneration. Partially dependent upon this, but introducing also serious economic consequences, is the competition of women with men, which means in many instances the underbidding of laborers with a high standard of life by laborers with a low standard of life, and which tends constantly to lower the plane of competition.

(*a*) *Married Women in Industry:* The working women of this country are, as a class, young, about one-half, 49.3 per cent., of all engaged in gainful occupations in 1900 being under 25, and nearly one-third, 32.4 per cent., being under 21 years of age. Of all the females between the ages of 16 and 24, 31.6 per cent. were engaged in gainful occupations, while in the age group 25 to 34 years only 19.9 per cent., and in the age group 35 to 44 years only 15.6 per cent. were gainfully occupied, the proportion steadily decreasing with advancing years. The sudden decrease of gainfully occupied women in the age group 25 to 34 doubtless indicates the effect of mat-

rimony. It is, therefore, no surprise to learn that only 769,477 married women, 14.7 per cent. of all gainfully employed females, were at work in the United States in 1900.

The negro element, however, furnished a striking exception to the general reduction, which appears in each element of the white population, in the proportion of women gainfully employed after the age of 24, the negroes showing no marked change until the age of 65 was reached. Evidently marriage has little effect in reducing the number of negro women at work. Of all married negro females 10 years of age and over, indeed, more than one-fourth, or 26.0 per cent. as compared with 3.6 per cent. for the foreign white, 3.1 per cent. for the native white of foreign parents, and 3.0 per cent. for the native white of native parents, were engaged in gainful occupations at the time of the last census. Of the married negro women gainfully employed, however, about 65 per cent. were either agricultural laborers or laundresses.

During the decade 1890 to 1900 the proportion of females gainfully employed increased in every conjugal class, the married women simply sharing in the general movement. The small proportion of married women engaged in gainful occupations increased, however, from 4.6 per cent. to 5.6 per cent., a relatively greater increase than is shown in the large proportions of single and divorced women.

The largest percentage of married women at work was found in the South, indicating, again, the effect of the

negro element. In the South Atlantic division 11.8 per cent. and in the South Central division 9.0 per cent. of all married women were engaged in gainful occupations, while in both the North Atlantic and Western divisions 4.7 per cent., and in the North Central division only 2.5 per cent. of the married women were so engaged.

As for the occupational distribution, 23.2 per cent of all the women engaged in agricultural pursuits, 15.4 per cent. of those in domestic and personal service, 11.8 per cent. of those in manufacturing and mechanical pursuits, 7.4 per cent. of those in professional service, and 6.8 per cent. of those in trade and transportation were married. The high percentage of married women in agricultural pursuits might be expected from the large number of negro women engaged in that occupation group. In the case of manufacturing and mechanical pursuits the high percentage, though partly due to the tendency of French Canadian women to work in the factories after marriage, is largely the result of the frequency with which married women were found as dressmakers, seamstresses and tailoresses. Married women are commonly engaged in the sweat shops. In New York City, for instance, out of 748 female home finishers, 658 were married, 557 of these having from one to seven children.[1]

The labor of married women, however, is as yet comparatively unimportant in the United States, and can

[1] *Twentieth Annual Report of the (New York) Bureau of Labor Statistics*, p. 61.

hardly be said to constitute a serious problem. Moreover, a considerable proportion of the married women who are at work are engaged in occupations, such as those of dressmakers and laundresses, which are frequently carried on within the home, and many of the other gainfully employed married women are, doubtless, childless.

(*b*) *Low Wages:* It is generally admitted that women will work for lower wages than men on similar work, and that this results in their failing to receive fair compensation for labor performed. In some instances trade unions have attempted to remedy this evil by insisting on the same wages for both sexes for the same work. Except in a few industries, however, their efforts have usually met with failure, largely owing to the difficulty of organizing women or bringing about among them any systematic effort to improve or maintain their conditions of employment. An even more serious evil, however, results from the fact that, though out of 303 separate occupations given by the census of 1900 only eight do not return female workers, women are still crowded for the most part into certain lines of unskilled labor where competition is most intense, and, as a consequence, many of them obviously do not receive a living wage.

The fact is so well known as to need no proof, and it is here necessary merely to summarize the principal causes of the lower wages of women, which are (a) their comparative lack of ambition to attain industrial efficiency, owing to the expectation of marriage and domestic life, (b) their comparative lack of mobility in changing from

one industry as well as from one locality to another, (c) their somewhat lower cost of subsistence, (d) their frequent partial dependence upon other members of their families, (e) their general lack of training and skill, and (f) their enforced competition with the great reserve army of potential women wage-earners. "The deep abiding difficulty in the way of organizing women workers lies here. Cut out as they are, by physical weakness, by lack of the means of technical training, in some cases by organized opposition of male workers, or by social prejudices, from competing in a large number of skilled industries, their competition within the permitted range of occupations is keener than among men: not merely in the unskilled but in the skilled industries the available supply of labor is commonly far in excess of the demand, for the skill is generally such as is common to or easily attainable by a large number of the sex."[1]

(c.) *Competition with Men:* The competition of women, and also of children, with men may be disastrous in two different ways. First, men may be actually displaced and thrown out of employment. Second, their wages may be reduced by reason of the super-abundant supply of cheap labor.

As for the first complaint, there seems no good reason to believe that the increased employment of women in gainful occupations indicates any true displacement of men, for during the past century there has been a strongly marked tendency, which still continues, towards the trans-

[1] Hobson, *The Evolution of Modern Capitalism*, pp. 316-317.

ference of industry from the home to the factory. On the whole, it is more than probable that the women are an addition to the total number of wage earners rather than to the total number of productive laborers. "The census records in respect to the labor of women, therefore, read in the light of collateral facts, are a history of industrial readjustment rather than a record of the relative extent of the employment of women, and it is impossible to say, so far as the census figures are concerned, whether a larger proportion of women are actively engaged in labor to-day than formerly or not. The one fact which is clear is that factory or shop work is displacing home work, and that this readjustment of industrial conditions is leading to the employment of women outside the home in constantly increasing numbers."[1]

The complaint, however, that woman labor is cheap labor, and that the presence of women in the industrial field lowers the plane of competition and, consequently, the standard of life of the laboring class, is more firmly grounded. There is, indeed, considerable evidence to show that "in proportion as the wife and children contribute to the support of the family the wages of the father are reduced."[2] Thus it has been demonstrated, by a comparison of wages in the textile industries of Rhode Island and in the metal industries of western Connecticut that, while in the one case the women and children work and in the other only the men, the family

[1] *Industrial Commission*, XIX, p. 926.
[2] Gunton, *Wealth and Progress*, p. 171.

wages do not differ materially. There is some question, however, as to whether the men's wages are low because the women and children work, or the women and children work because the men's wages are low. However that may be, there can be no doubt that the low wage rate received by women as compared with men tends to lower the plane of competition and is the greatest evil of woman labor.

8. *Conditions of Child Labor:* The employment of women in gainful occupations is presumably natural, and, unless it be shown to the contrary, unaccompanied by deep-seated and serious abuses unknown in the employment of men. In the case of child labor, on the other hand, the presumption is that the results are socially and economically evil unless satisfactory evidence to the contrary can be produced. Moreover, such evidence must show, not only that the particular occupation is free from injurious effects or dangers, physical, mental, or moral, but that it is essentially educational in character and that the young worker is prepared for a useful and honorable career as an adult. Needless to say, there are very few cases of child labor which meet these requirements.

The extent of the evil, however, depends, not only upon the conditions already described, such as the occupational distribution, but also upon (a) the ages, (b) the hours, (c) the health, and (d) the education of the child workers.

(*a*) *Ages:* More than one-half, 54.8 per cent., of all the children 10 to 15 years of age gainfully employed in

1900 were either 14 or 15 years of age, but about one-sixth, 17.2 per cent., were under 12. The percentages for each year were as follows: 10 years, 8.1 per cent.; 11 years, 9.1 per cent.; 12 years, 12.7 per cent.; 13 years, 15.3 per cent.; 14 years, 23.2 per cent.; 15 years, 31.6 per cent. The percentages for girls were somewhat lower in the first four ages and correspondingly higher in the last two than the percentages for boys, showing that there is a tendency to employ boys at an earlier age than girls. The difference, however, is slight, 46.3 per cent. of the boys and 42.2 per cent. of the girls being under 14 years of age.

The labor of children of the earlier ages is far more prevalent in the South than in the North and West. In the South Central division, for example, about one-fourth, 25.2 per cent., of the boys and exactly one-fourth, 25 per cent., of the girls engaged in gainful occupations were under 12 years of age, while in the North Central division only a little more than one-tenth, 11.1 per cent. of the boys and one-twentieth, 4.9 per cent., of the girls were under 12. The North Atlantic division made the most favorable showing with only 3.9 per cent. of the boys and 2.3 per cent. of the girls under 12, and about one-half, 51.1 per cent., of the boys and 48.2 per cent. of the girls, under 15 years of age. In both Southern divisions more than three-fourths of the children of each sex engaged in gainful occupations were under 15.

The most important factor in determining the proportion of children under 12 at work in the different divisions and states is the relative predominance of agri-

cultural pursuits. Young children are very generally employed in agriculture in the South and to a less extent in the North and West, while in the other occupation groups a large majority of the children are either 14 or 15 years of age. In agricultural pursuits, indeed, more than one-half of the boys and more than three-fifths of the girls employed in 1900 were under 14, but in each of the other four groups of occupations from more than three-fifths to more than four-fifths of the children of both sexes were either 14 or 15 years of age. The proportions under 12 were exceptionally high in the occupations of agricultural laborers, servants and waiters, cotton mill operatives, and laborers (not specified).

The employment of young children is not by any means limited in the South to the agricultural industries, but is also common in the factories, where the children are almost all white. Just before the enactment of the North Carolina child labor law, for instance, it was found that in 13 manufacturing establishments in that state 18 per cent. of the children were under 12 years of age and 36 per cent. were between 12 and 14 years of age, while in South Carolina about 20 per cent. of the children employed in 9 establishments were under 12, and about 45 per cent. between 12 and 14 years, a few under 10 being found in both states. In Georgia about 10 per cent. of the children in 15 establishments were between 10 and 12 and about 44 per cent. between 12 and 14, and conditions in Alabama were even worse, about 23 per cent. of the children in 4 establishments being under 12 and about

39 per cent. being between 12 and 14 years of age.[1] In canning establishments in Maryland children as young as 5 years were found at work assisting their mothers or other adults, while in tobacco factories children of six or seven commonly helped their mothers.

(*b*) *Hours:* Working children are frequently required to toil during such long hours that their strength is utterly exhausted and no energy whatever is left for intellectual profit or for the pleasures which the young naturally crave. In packing houses, for instance, where oysters, vegetables and fruit are canned, large numbers of young children are employed during the busy season for painfully long hours, the only time limit being, apparently, the physical endurance of the child.

In the manufacturing industries, in general, the working time depends upon the existence and enforcement of factory legislation, and the usual hours in each state are the maximum number prescribed by law. Where no law exists 11 or 12 hours a day and about 66 a week is the common period of labor. While the hours in mercantile establishments are usually less than in the manufacturing industries, Dr. Sewall found the working time to be longest in those stores which employed the most children.[2]

Night work is an even more serious evil, for in this case the long hours of labor are supplemented by imperfect rest snatched in the midst of the day's household duties.

[1] *Bulletin of the (United States) Bureau of Labor,* No. 52, pp. 491-493.

[2] For further particulars in regard to the hours of working children the reader is referred to *Bulletin of the (United States) Bureau of Labor,* No. 52, pp. 501-506.

Many mothers whose sons work at night state that the boys are up by nine o'clock in the morning, though sometimes they sleep in the afternoon just before going to work. Such night work is common, not only in the glass works, but in furniture factories, silk mills, and many other occupations. In the glass works the demand for night work of boys is said to be increasing. In North Carolina Dr. Sewall found that of 66 children working nights in four mills "8 were under 12 years of age, 24 were between 12 and 14 years of age, and 34 were between 14 and 16 years of age. Of the 8 under 12 years of age 5 were boys and 3 were girls."[1]

(*c*) *Health:* The most healthful occupations for children are undoubtedly embraced in the two groups,—agricultural pursuits and domestic and personal service, though even in these the work is often entirely too heavy for the strength of the child laborers. Moreover, the confinement, unnatural restraint and monotony age the children prematurely, and prevent the development of ambitions which might raise the standard of life.

In the manufacturing industries, however, there exist far greater dangers to the health, and also to the life and limb, of the child workers. For growing children there is, in almost all these occupations, the danger of deformity from the over-development of one set of muscles. The breaker boys, for instance, are frequently deformed and stunted in their growth by the constant strain of leaning over the sliding coal. Moreover, children are peculiarly

[1] *Bulletin of the (United States) Bureau of Labor*, No. 52, p. 491.

liable to be maimed through carelessness in the handling of such dangerous machinery, for instance, as is common in tin-can factories, stamping-mills, saw mills and many other establishments. In a recent investigation made by the Minnesota Bureau of Labor it was found that, of the few wage earners considered, the boys under 16 had twice as many accidents as the adults, and the girls under 16 thirty-three times as many accidents as the women. Frequently young children are injured who are simply employed in rooms where dangerous machinery is in operation. In hundreds of cases, however, children of the laboring classes are hired to tend machines which those of the same age in other classes of society would not be allowed to approach except under the careful guardianship of an adult.

In many manufacturing occupations poisons and injurious dusts are necessarily encountered by the workers, and to these children are far more susceptible than grown persons. In paper box factories, for instance, which are frequently, if not usually, located in old, insanitary houses, the coloring matter is often poisonous. In type foundries the children are employed on the very part of the work which is most injurious, the rubbing of the type, and lead poisoning, in one form or another, afflicts nearly all more or less seriously. The most common danger, however, is from irritating dusts, which are found in a large variety of industries, from the cotton mills to the coal mines.

One especially unwholesome occupation, which em-

ployed in 1900 an average of 7,913 children, is the manufacture of tobacco goods. A large part of this industry is carried on in factories which are insanitary, ill-ventilated, and unclean, but even under the most favorable conditions the dust of the tobacco leaf pollutes the atmosphere, and the strongest adult suffers from its poisonous effects. The employment of young children in this occupation practically predestines them to nervous excitability, disease and moral depravity.

It would be impossible to enumerate all of the occupations which have been found injurious to the health of working children, and these facts must serve simply as examples of conditions which are more or less prevalent in a large number of the occupations in which children are employed. Many of the tasks assigned to children, moreover, though harmless in themselves, are exhausting because of the high rate of speed at which they must be performed. Rapidity is often induced by piece payment, while sometimes, as in the glass works, the children are worked in gangs along with skilled adults who are piece workers.[1]

(*d*) *Education:* The greatest evil of child labor, outside of the physical effects, is the mental and moral injury suffered in the deprivation of an education and the substitution of a daily round of monotonous labor, which is mere profitless drudgery so far as preparation for adult

[1] For further details in regard to the physical effect of various industries upon the children employed the reader is referred to Dr. Hannah R. Sewall's report upon "Child Labor in the United States," in *Bulletin of the (United States) Bureau of Labor*, No. 52, pp. 509-515.

life is concerned and is calculated to blunt the undeveloped faculties of the child. Moreover, the moral environments of child labor are almost uniformly undesirable, and there can be no greater evil connected with the system than the contamination and the formation of vicious habits which are its usual though unmeasured accompaniment.

The amount of education which working children ordinarily obtain depends upon the existence or nonexistence of compulsory education laws, such as are common in the North and practically unknown in the South. As a result, most of the children employed in the Northern states are able to read and write English, while many of the foreign children who can not do so can read and write their native language. In the states of North and South Carolina, Georgia and Alabama, however, from 21 per cent. in North Carolina to 37 per cent. in South Carolina of the children investigated by Dr. Sewall were wholly illiterate. Many of these children had been to school, either before or since beginning work, but had either failed to learn to read and write, or had forgotten all they had been taught. Moreover, very few working children, except in a few states, have the slightest opportunity of obtaining anything more than the rudiments of an education.

From several other points of view, also, the wage labor of children is admitted by all authorities to be one of the greatest evils in modern industrial life. In its worst form it leads to race degeneracy, while at best it means to

both men and women the lowest form of competition. The employment of children under fourteen pauperizes the parents and enforces illiteracy upon the children. It is one of the most prolific causes of poverty, pauperism, vice and crime in adult years, and is, in fact, a grave menace to the peace and prosperity of the social order. This problem is both a Northern and a Southern one, for though child labor does not usually take place at such an early age in the North as in the South, it is even greater in extent, and many of the street boys of the cities are as young as any child laborers in Southern factories.

While child labor may seem to be to the immediate interest of both parents and employers, it is not to the ultimate interest of either. For the parents it raises up a disastrous competition, and for the employers it leads, on the one hand, to waste of time and material from incompetence and carelessness, and on the other hand, to a reduction of industrial efficiency through the stunting of the physical and mental growth of the rising generation. Moreover, the wage-labor of children tends to so lower the standard of life of the working class that its total purchasing power is reduced. Finally, so long as cheap labor can be utilized, the introduction of machinery and other labor saving devices will be delayed.

REFERENCES: The chief authorities used in the preparation of this chapter have been the *Twelfth Census of the United States*, especially Vol. VII, *Manufactures*, Part I, pp. cxxv-cxxxiii, and the *Special Report on Occupations*, pp. lxv-ccxlv; the *Reports of the Industrial Commission*, especially Vol. XIX, pp. 915-932; and the special report on *Child Labor in the United States* prepared by Hannah R. Sewall, Ph. D., and published in the *Bulletin of the (United States) Bureau of Labor*, No. 52, pp. 485-541, with the tables and laws attached thereto. Valuable

material may also be found by reference to the *Index of Labor Reports*, published by the United States Commissioner of Labor in 1902.

SUPPLEMENTARY READINGS:

1. Child Labor and Factory Legislation in England:
   (*a*) Taylor, *The Modern Factory System*, Chapter V, "The Factory Controversy," pp. 177-227.
   (*b*) Webb, *The Case for the Factory Acts*, pp. 192-223.

2. Legislation in the United States:
   (*a*) Kelley, "Child Labor Legislation," *Annals of the American Academy of Political and Social Science*, Vol. 20, pp. 155-164.
   (*b*) Robbins, "The Necessity for Factory Legislation in the South," *Annals of the American Academy of Political and Social Science*, Vol. 20, pp. 181-188.
   (*c*) Whittlesey, "Tendencies of Factory Legislation and Inspection in the United States," *Annals of the American Academy of Political and Social Science*, Vol. 20, pp. 235-253.

3. Working Women:
   (*a*) Campbell, *Women Wage-Earners*.
   (*b*) *Fourth Annual Report of the (United States) Commissioner of Labor, Working Women in Large Cities*, Chapter III, pp. 61-77.
   (*c*) Collet, "Women's Work in London," Booth, *Life and Labor of the People*, Vol. IV, pp. 256-327.
   (*d*) Walker, *Discussions in Economics and Statistics*, Vol. II, pp. 241-244.

4. Women's Wages:
   (*a*) Hobson, *The Evolution of Modern Capitalism*, pp. 290-323.
   (*b*) Levasseur, *The American Workman*, pp. 336-358.
   (*c*) Webb, *Problems of Modern Industry*, "Women's Wages," pp. 46-81.

5. Child Labor:
   (*a*) Willoughby, "Child Labor," *Publications of the American Economic Association*, Vol. V. No. 2.
   (*b*) De Graffenried, "Child Labor," *Publications of the American Economic Association*, Vol. V, No. 2.
   (*c*) Kelley and Stevens, "Wage-Earning Children in Chicago," *Hull-House Maps and Papers*, pp. 49-76.
   (*d*) Fox, "Child Labor in New Jersey," *Annals of the American Academy of Political and Social Science*, Vol. 20, pp. 191-199.

CHAPTER III

IMMIGRATION

The problem of immigration, though not peculiar to the United States, has here shown its more serious aspects, owing to the enormous numbers and the racial variety of the incoming aliens. Recently public attention has been attracted to the subject by the announcement that during the fiscal year ending June 30, 1903, a new record for volume of immigration was established. At the same time it became clearly evident that an alarming change had taken place in the source of immigration,—a change which is illustrated by the fact that in 1882, the former record year, 87.1 per cent. of the immigrants from the continent of Europe came from the countries of the north and west, while in 1903, 75.0 per cent. came from those of the south and east. The aliens who came in 1882 were closely related to the dominant class of the United States in race, history, customs, laws and general standard of life, but those of 1903 are of a wholly different stock, with different traditions and ideals.

Although the benefits derived by this country from that immigration which has resulted in the rapid development of the natural resources of the West and Northwest is incalculable, it is claimed that the influx of foreigners

of a low standard of intelligence and of life depresses wages, lessens available employment for native labor and is a distinct hardship to the American workman. In some industries, such as the manufacture of clothing and the mining of coal, it is evident that native laborers have been practically driven from the field by foreigners with a lower standard of life. Moreover, it is maintained by those who desire further restriction of immigration, that the influx of ignorant, inefficient and poverty stricken aliens increases the public burden through pauperism and crime, while the bulk of the money which the more thrifty immigrants accumulate as wages is returned to their native country. President Walker even argued that had there been no immigration to the United States during the past century the native element would have increased sufficiently to have filled the places at present occupied by the foreign born and their children.

1. *Extent and Causes of Immigration:* The increasing importance of the problem and the general changes in its character are most clearly reflected in the statistics of immigration which have been collected annually since 1820. From that time until 1855 the figures relate to the total number of alien passengers arriving, but since the latter date they show only immigrants to the United States. Cabin passengers and arrivals from Mexico and Canada, except such as come from abroad through ports of those countries with the avowed intention of entering the United States, are not included. The following table

shows the general movement from 1821 to 1903:

NUMBER OF IMMIGRANTS, 1821–1903

1821-1830	143,439	1881-1890	5,246,613
1831-1840	599,125	1891-1900	3,687,564
1841-1850	1,713,251	1901	487,918
1851-1860	2,598,214	1902	648,743
1861-1870	2,314,824	1903	857,046
1871-1880	2,812,191	Total	21,108,928

Previous to 1831 the immigration was very slight, but, beginning about 1847, there began a foreign influx which was greater relatively to the population of native birth than at any other period. The causes of this increase were (a) the hard times in Germany, (b) the famine in Ireland and (c) the gold discoveries in California. It was checked by the panic of 1857 and, later, by the Civil War. The next decade saw only a slight increase, but from 1881 to 1890 there arrived in this country the largest number of immigrants shown by any ten year period. In the figures for the decade 1891-1900 the effect of the panic of 1893 and the succeeding hard times is clearly seen, but by 1900 immigration began to revive. The figures for 1902 were exceeded only by those for 1881 and 1882, and in 1903 all previous records were broken.

In general, the causes which induce immigration to the United States may be summed up briefly as, (a) the republican principles of our government as contrasted with the oppression of European countries, (b) the presence

here of relatives or friends, and the ease and cheapness of the voyage, (c) the poverty of the peasant classes of foreign nations and (d) the economic prosperity of this country. Under the first cause should be included the desire for religious as well as for political freedom, and also the immigration, such as that of the Russian Jews, which is a forced escape from persecution. That the second cause is a potent one is shown by the fact that from 40 to 55 per cent. of all the immigrants come on tickets actually bought in this country by relatives or friends, while fully 65 per cent. have their transportation sent them in tickets or money. In general, the prosperity of this country has a greater influence than the over-population and poverty of foreign countries, for the volume of immigration responds quickly to fluctuations in industrial conditions in the United States. This is due largely to the fact that in times of depression foreigners already here are not able to send for their relatives, and are not likely to write hopeful letters, such as would naturally induce immigration. There is little encouragement, however, in this fact, for "in times of depression the falling off is largely of the most skilled and industrious races, whereas the unskilled laborers are the last to be affected."[1]

Some years ago a common cause of immigration was the effort of European countries to get rid of their undesirable population, and the charitable assistance given to paupers and criminals to emigrate. Though this practice is now officially restricted or prohibited, it is believed that, un-

[1] Ward, "The Immigration Problem," *Charities*, Vol. XII, p. 189.

officially, a considerable amount of such assistance is still given. Another potent cause of immigration, and one which has brought a very undesirable class to this country, has been the solicitation, now somewhat ineffectually prohibited by law, of the agents of transportation companies. In the early days there was a process of natural selection in immigration which eliminated the less desirable elements, for it required energy, prudence and courage to accomplish the transfer from one country to another. With the increasing activity of transportation companies, however, and the comparative ease of immigration, it is now, as a general rule, the least prosperous classes that are attracted to this country.

2. *Race and Nativity of Immigrants:* The race and nativity of the incoming aliens is of even greater importance than their numbers, for upon this depends the quality, social and economic, of the element which is added to the population.

Up to 1890 the natives of Germany, Ireland, Great Britain, Canada and Newfoundland, Norway, Sweden and Denmark contributed 12,853,828 out of a total immigration of 15,427,657. For the decades ending in 1860 and 1870 they contributed more than nine-tenths of the immigration, for that ending in 1880 more than four-fifths, for that ending in 1890 about three-fourths, for that ending in 1900 only a little more than two-fifths and for the three succeeding years only a little more than one-fifth.

Of the northern group, Ireland and Germany have

PROPORTION OF THE TOTAL NUMBER OF IMMIGRANTS FURNISHED BY EACH OF THE PRINCIPAL EUROPEAN COUNTRIES AND BY ALL OTHER COUNTRIES

COUNTRIES	1901–1903	1891–1900	1881–1890	1871–1880	1861–1870	1851–1860	1821–1850
Aggregate	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Canada and Newfoundland . . .	0.1	0.1	7.5	18.6	6.7	2.3	2.3
Germany. . . .	4.5	13.7	27.7	25.6	34.0	36.6	24.2
Great Britain . .	3.3	7.3	15.4	19.5	26.2	16.3	15.0
Ireland.	4.8	10.6	12.5	15.5	18.8	35.2	42.3
Norway, Sweden and Denmark.	8.6	10.1	12.5	8.6	5.4	0.9	0.7
Total . . .	21.3	41.8	75.6	82.8	91.1	91.3	84.5
Austria-Hungary	24.7	16.1	6.7	2.6	0.4	. .	. . .
Italy	27.3	17.7	5.9	2.0	0.5	0.3	0.2
Russia and Poland	16.5	16.3	5.0	1.8	0.2	0.1	0.1
Total . . .	68.5	50.1	17.6	6.4	1.1	0.4	0.3
All other countries	10.2	8.1	6.8	10.8	7.8	8.3	15.2

contributed most freely to the stream of immigration. From 1821 to 1850 the Irish alone contributed more than two-fifths of the total, and during the next ten years they furnished nearly as many again as during this thirty year period. After 1860, however, there was a rapid decrease both in the numbers and in the relative importance

of the Irish immigrants. The Germans, on the other hand, constituted nearly one-fourth of the immigration prior to 1850 and more than one-third in each of the next two decades, outstripping Ireland as early as 1860. The proportion of German immigrants from 1871 to 1880 and from 1881 to 1890 was more than one-fourth of the total. In the decade from 1891 to 1900, however, it fell to a little over one-eighth, and in the three years from 1901 to 1903 to less than one-twentieth, slightly less than the proportion of Irish, and little more than one-half that of the Norwegians, Swedes and Danes combined.

The great decline in the immigration of the northern races has been offset by a very material increase in that from the countries of eastern and southern Europe, especially from Austria-Hungary, Italy and Russia, countries which had furnished prior to 1880, a very small amount of immigration. The natives of these countries, though in 1870 representing altogether about one per cent. of the total, amounted in the decade ending in 1890 to over 17 per cent., while in the decade ending in 1900 they represented more than half, and in the three years from 1901 to 1903, nearly seven-tenths of the total immigration. "The entrance into our political, social, and industrial life, of such vast masses of peasantry, degraded below our utmost conceptions, is a matter which no intelligent patriot can look upon without the gravest apprehension and alarm. These people have no history behind them which is of a nature to give encouragement. They have none of the inherited instincts and tendencies

which made it comparatively easy to deal with the immigration of the olden time. They are beaten men from beaten races; representing the worst failures in the struggle for existence. Centuries are against them, as centuries were on the side of those who formerly came to us."[1]

3. *Distribution of Immigrants:* Upon the geographical distribution of immigrants depends, to a considerable extent, the intensity of their competition with native laborers. If the aliens were evenly distributed through the country their influence upon labor conditions would be slight as compared with that of American workmen, and the burdens imposed by immigration could be borne with ease, while its advantages would be greatly increased.

As a matter of fact, however, in 1900 nearly seven-eighths, 86.2 per cent., of all the foreign born in the United States were found in the North Atlantic and North Central divisions, only 8.2 per cent. in the Western division and only 5.6 per cent. in both the Southern divisions combined. The proportion of immigrants in both of the Southern divisions, moreover, has steadily decreased since 1850, while that in the North Central division steadily increased until 1900 when, for the first time since 1870, it fell behind that in the North Atlantic division. During the last decade, indeed, the foreign born in the North Central division increased only 2.4 per cent., while the foreign born in the North Atlantic divi-

[1] Walker, *Discussions in Economics and Statistics*, "Restriction of Immigration," p. 447.

sion increased 22.5 per cent. The North Atlantic division is the only one which shows as large a proportional increase in the foreign born as in the native element in the population, the latter having increased from 1890 to 1900 20.5 per cent.

As for the geographical distribution of the various races and nationalities it is observable that, for the most part, the natives of those countries which furnished the earlier immigration are more evenly distributed between the two Northern divisions, in several cases tending to concentrate in the North Central division, while the natives of the countries which have furnished the recent immigration are, generally, concentrated in the North Atlantic division. Of the persons of German birth, for instance, more than one-half, 54.9 per cent., were found in 1900 in the North Central division, while that division contained 64.5 per cent. of the Swedes and 84.9 per cent. of the Norwegians. Of the Austrians, on the other hand, 62.0 per cent., of the Hungarians 73.0 per cent., and of the Italians 72.7 per cent. were found in the North Atlantic division.

The change in character of the immigration is evidently accountable for the greater concentration in the Northeast, which is the region of large cities and comparatively dense population, as contrasted with the North Central division, which is largely devoted to agriculture and receives principally farmers and those who are attracted by a pioneer rural life. The immigrants from eastern and southern Europe not only bring with them less money

than those from the western and northern countries, and are, consequently, less able to travel to the interior, but they are more clannish, are slower to learn the language and customs of the country, and are less inclined toward country life. While many of them state their occupation as that of farmer very few were anything more than farm laborers in their native land, and it was to escape from the cultivation of the soil that they emigrated. They are, consequently, unwilling to enter farming occupations in this country. Moreover, they have, for the most part, been accustomed to living in villages and going out to their work; they are sociable people; and the loneliness and isolation of American farm life is extremely distasteful to them. In the city they feel that, if necessary, they can fall back upon friends or the numerous charitable organizations for assistance. Finally, the money wages of farm laborers are comparatively low, and the immigrants are intensely anxious for immediate monetary returns for their work. They settle in groups, either in city slums, where certain districts are given over to the possession of particular nationalities, or in mining villages, where they are even more isolated and out of the current of American life.

That the concentration of the immigrants from the southern and eastern European countries in the North Atlantic division is due to their preference for city life is shown by a study of the percentages of foreign born by countries of birth in the 160 principal cities of the United States, as in the following table:

	Per cent. in 160 principal cities		Per cent. in 160 principal cities
Total foreign born. .	49.5	France	49.5
Russia	74.9	England	46.8
Poland (German). .	68.7	Scotland	46.0
Poland (Russian) . .	62.7	Holland	44.1
Italy	62.4	Canada (English). .	40.0
Ireland.	62.0	Canada (French) . .	37.7
Bohemia	54.8	Sweden.	36.8
Austria.	53.5	Switzerland	35.8
Hungary	53.4	Wales.	32.8
Poland (unknown) .	50.9	Denmark.	28.1
Poland (Austrian) .	50.8	Norway.	22.4
Germany.	50.2	Mexico	7.1
		Other countries . . .	42.6

Although these cities contained in 1900 only about one-fourth of the total population of the United States, they included nearly one-half of the foreign born. Moreover, the foreigners constituted 26.1 per cent. of the total city population as against 9.4 per cent. of the population of the remainder of the country. The city of New York has 76.9 per cent. of its inhabitants of foreign parentage and 37.0 per cent. foreign born; Chicago has 77.4 per cent. of foreign parentage and 34.6 per cent. foreign born; Philadelphia runs considerably lower with 54.9 per cent. persons of foreign parentage and 22.8 per cent. foreign born; while St. Louis shows the effect of former immigra-

tion in 61.0 per cent. of foreign parentage and only 19.4 per cent. foreign born; and Boston rises again to 72.2 per cent. of foreign parentage and 35.1 per cent. foreign born. It is apparent that the large cities are "the congested places in the industrial body which check the free circulation of labor to those parts where it is most needed and where it can be most benefited."[1]

4. *Economic Aspects of Immigration:* The uneven distribution of the foreign element obviously contributes largely to the objectionable economic effects of immigration, and makes of it an important factor in the labor problem. The introduction of large numbers of aliens into the labor market of a somewhat narrowly limited region is of itself sufficient to cause an oversupply of workmen and to produce more or less serious disturbances unless, at the same time, business expansion takes place with considerable rapidity. "Providing this expansion occurs sufficiently fast, there is no overcrowding of the labor market by increase in the number of laborers. The new resources and new investments demand new labor, and if the expansion is strong enough the new labor as well as the existing labor may secure advances in wages, though not necessarily as great an advance as would have been secured if the supply of labor had been smaller."[2]

When, however, the aliens have almost universally a lower standard of life than the native workmen, a new and overwhelmingly important element is introduced and

[1] *Annual Report of the Commissioner-General of Immigration*, 1903, p. 60.

[2] *Industrial Commission*, XIX, p. 963.

far more serious consequences are to be anticipated. Either the standards of the foreigners must be raised or the standards of the Americans must be lowered, and, in view of the well known law that the plane of competition tends to sink to the level of its lowest factor, the issue can not but excite apprehension.

(*a*) *The Standard of Life:* The lower standard of living of the European laborers, particularly those of the eastern and southern nations, needs no proof. The cost of living in Europe is, of course, much lower than in this country, but the difference in prices is not as great as in wages. Italian immigrants, for instance, claim that while wages in the United States are five times as high, the cost of living is only three times as great as in Italy. The Italian, then, has been accustomed to live on three-fifths the real wages of the American laborer with whom he comes to compete.

There is, however, another element which is difficult of measurement, and that is the change in the standard of living which is essential in order to work in this country, owing to the greater speed and intensity of exertion required. For this reason the alien is obliged to begin at a lower rate of pay, and only when he has raised his standard of life, at least so far as the physical necessities are concerned, is he capable of full competition with the American laborer.

The problem involved in the conflict of these different standards of life is, of course, greatly aggravated by the unequal distribution of the immigrants, not only by

localities and urban centers, but also by occupations. Certain industries, usually those requiring little or no skill, attract large numbers of foreigners from nearly every quarter of the globe, and competition becomes so intense that the native element is practically driven out. Such industries are, for instance, coal mining and the manufacture of clothing. The employees of the Colorado Fuel and Iron Company, for instance, are said to belong to thirty-two nationalities and to speak twenty-seven languages.

(*b*) *Occupations:* The vast majority of immigrants to the United States are unskilled laborers. In the fiscal year ending June 30, 1903, for instance, nearly one-half, 46.5 per cent., of all the immigrants to this country were either laborers or farm laborers, and only about 14.5 per cent. were skilled workmen, nearly one-fourth, 23.3 per cent., including women and children, being without occupation. As a result, much of the rough work of the country is practically given over to the foreign born.

In estimating the competition of foreign with native labor, however, it is necessary to take into consideration, not only the immigrants themselves, but their children. Though the second generation of immigrants doubtless has a somewhat higher standard of life than the first, it practically doubles the number of workers of foreign extraction and the influence of its competition is more wide-spread, if less intense, than that of the first generation. That the foreign element is of great importance industrially is shown by the fact that, in 1900, of all the

gainful workers in continental United States, 11,166,361, or nearly two-fifths (38.4 per cent.), were of foreign parentage, about one-half of them being foreign born and the other half born in this country.

The competition of the foreign born in industry is greater than their numerical strength as compared with that of the native born. The foreign born, for instance, though forming in 1900 only 17.5 per cent. of the total population 10 years of age and over, formed 20.1 per cent. of the persons engaged in gainful occupations. This fact is due largely, of course, to the greater proportion of adults among the foreigners. The foreign born persons engaged in gainful occupations, however, constituted, in 1900, 57.7 per cent., and the native born gainfully occupied only 48.6 per cent. of the population 10 years of age and over. Evidently a part of this difference reflects the comparative poverty of the foreign born and their greater tendency to engage in gainful occupations, especially in the younger age groups. Of all persons of foreign parentage, moreover, including both the foreign born and their children, 42.9 per cent., as compared with 35.8 per cent. of all persons of native parentage, were gainfully employed. The contrast shown here is the more marked because the comparison is made with the entire population and not with the population 10 years of age and over. On the other hand, the relative importance of the foreign born in gainful occupations has decreased since 1890, the percentage for that year being 22.5, though if 1900 be compared with 1880 it is found that the percentages are

precisely the same, 20.1. Evidently the immigration of these twenty years failed to increase the relative importance of the foreign born in the working population.

As for the occupations of the foreign born, in 1900 they formed nearly one-third, 30.8 per cent., of all the gainful workers in manufacturing and mechanical pursuits, 26.9 per cent. in domestic and personal service, 19.6 per cent. in trade and transportation, 11.5 per cent. in professional service, and 10.5 per cent. in agricultural pursuits. The proportion of foreign born has decreased since 1890, and also since 1880, in every occupation group. In manufacturing and mechanical pursuits and domestic and personal service the foreign born evidently obtain their greatest prominence. These two groups, indeed, absorbed in 1900 not far from two-thirds, 62.9 per cent., of all the foreign born gainful workers.

The persons of foreign parentage, though more evenly distributed through the various occupation groups than the foreign born, formed only 21.1 per cent. of all persons engaged in agricultural pursuits and 32.2 per cent. of all in professional service, as compared with 56.2 per cent. in manufacturing and mechanical pursuits, 45.3 per cent. in trade and transportation, and 43.4 per cent. in domestic and personal service. Among the occupations of the persons of foreign parentage, then, trade and transportation is of even greater importance than domestic and personal service.

The tendency of immigrants and their children towards the various occupation groups differs widely, however,

with the race and nationality, as appears in the table on the opposite page, which gives the per cent. distribution, by main classes, of persons of each specified parentage engaged in gainful occupations, in 1900.

In general, the nationalities which furnished the earlier immigration, as the English, Scotch, Irish and German, are much more widely distributed through the various occupations than those which are most largely represented in the recent immigration movement. These latter tend to concentrate in a few callings, which become almost characteristic of the race. In 1900, for instance, more than one-half, 52.5 per cent., of the French Canadian females were textile mill operatives, while somewhat more than one-third, 36.0 per cent. of the Russian and a little more than one-third, 33.9 per cent., of the Italian workers of this sex were either tailoresses, dressmakers, or seamstresses.

The general tendency, however, among most foreign nationalities, is towards manufacturing and mechanical pursuits and domestic and personal service, the males tending to concentrate in the former and the females in the latter. It is noticeable, moreover, that the foreign element is also represented by a somewhat larger percentage than the native in trade and transportation. The greatest contrasts between the native and foreign elements are seen in agricultural pursuits, which contained 45.7 per cent. of all the gainful workers of native parentage and only 19.7 per cent. of all those of foreign parentage, and in manufacturing and mechanical pursuits, which

OCCUPATIONAL DISTRIBUTION OF BREADWINNERS: 1900

PARENTAGE	All occupations	Agricultural pursuits	Professional service	Domestic and personal service	Trade and transportation	Manufacturing and mechanical pursuits
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Of native parentage	100.0	45.7	4.8	17.6	14.6	17.3
Of foreign parentage	100.0	19.7	3.6	21.7	19.3	35.7
Austria	100.0	8.9	1.8	24.7	13.7	50.9
Bohemia	100.0	30.1	1.7	18.4	10.6	39.2
Canada (English)	100.0	21.1	6.1	20.4	21.9	30.5
Canada(French)	100.0	13.2	1.7	18.1	11.9	55.1
Denmark	100.0	39.4	2.6	19.7	14.3	24.0
England and Wales	100.0	19.6	5.8	14.0	20.6	40.0
France	100.0	21.4	5.8	20.7	18.9	33.2
Germany	100.0	24.3	3.1	18.6	19.3	34.7
Hungary	100.0	3.3	1.3	27.5	11.0	56.9
Ireland	100.0	11.9	3.9	27.4	22.5	34.3
Italy	100.0	6.0	1.5	39.5	18.3	34.7
Norway	100.0	47 3	2 8	19.2	12.1	18.6
Poland	100.0	10.8	1 1	30.0	12.1	46.0
Russia	100.0	10.0	2.2	11.2	28.2	48.4
Scotland	100.0	18.5	6.2	14.0	21.6	39.7
Sweden	100.0	27.4	2.1	25.6	12.9	32.0
Switzerland	100.0	35.1	3.5	18.4	13.7	29.3
Other countries	100.0	23.6	2.2	32.0	15.8	26.4
Of mixed foreign parentage	100.0	17.3	6.3	17.5	24.3	34.6

contained 35.7 per cent. of all the gainful workers of foreign parentage and only 17.3 per cent. of those of native parentage. This difference may be logically connected with, and is doubtless partly due to the fact that in the Northern states, which contained the largest population of immigrants, manufacturing and mechanical pursuis are prominent, while the Southern states, in which the foreign element is of slight importance, are principally agricultural. It should be remembered, also, that manufacturing and mechanical pursuits include mining, an occupation which employs large numbers of foreigners and their children.

This concentration of the foreign element in particular localities and occupations greatly intensifies the evil effects of their competition with native laborers, and also with each other. If, however, the problem is regarded as less serious when it concerns the races which furnished the earlier immigration, the situation is somewhat improved, for even in 1900 two-thirds, or 67.2 per cent., of the total number of gainful workers of foreign parentage were of British or German extraction, 29.5 per cent. being of German, 21.7 per cent. of Irish and 16.0 per cent. of English parentage, including in the latter the English Canadians, Scotch and Welsh. Of the races which have furnished the recent immigration, moreover, the persons of Scandinavian parentage, including Norwegians, Swedes and Danes, and representing a thoroughly desirable element, constituted, in 1900, 7.8 per cent. of the total number of persons of foreign parentage, while the French

Canadians constituted only 3.1 per cent., the Italians 2.9 per cent., the Poles and Russians each 2.2 per cent., the Austrians 1.7 per cent., and the Bohemians 1.2 per cent. It should be stated, however, that the British and German elements were of much more importance in the second generation than in the first, constituting 79.5 per cent. of the workers of foreign parentage born in this country and only 56.1 per cent. of those born abroad.

(*c*) *Wages and Unemployment:* Although it is evident that immigration has had a demoralizing effect upon certain industries, it is impossible to prove statistically that the influx of foreigners has depressed the general level of wages or produced widespread unemployment. The close connection previously shown between the volume of immigration and the cycles of business prosperity and depression serves effectually to obscure any close relation that may exist between immigration and wages or unemployment, for these cycles have a greater influence than can be attributed to the competition of alien labor. At best the problem of separating immigration from the other causes affecting wages and unemployment, such as the introduction of machinery and division of labor, the competition of women and children, country work, and labor organization, is an extremely difficult one, especially as it is found that the alien standard of living usually exerts its greatest influence in precisely those occupations where other causes also tend to depress wages.

It may be safely stated, however, that the rise of wages during the past century has taken place in spite of the

lowering influence of immigration rather than because of the development resulting from the foreign contributions to the labor force of this country. At the present time "immigration and the tariff together prevent wages from rising with the rise in prices of commodities and cost of living. This permits profits to increase more than wages, to be followed by overproduction and stoppage of business. * * * Thus it is that immigration, instead of increasing the production of wealth by a steady, healthful growth, joins with other causes to stimulate a feverish overproduction followed by a collapse."[1]

The chief force to be relied upon in counteracting the evil effects of the unequal competition between workmen who possess wholly different standards of life is the labor organization. First, in those trades in which skill is an important factor and in which machinery has had little influence, labor organizations have been able to practically force out the immigrant. Second, in the comparatively unskilled occupations "organization is the only means by which the immigrants themselves can rise to the standards of those whom they displace." In the very industries, however, in which the influence of the labor organizations is most needed, their formation and growth are most hindered by the multitude of disintegrating factors directly based on immigration, such as differences in race, education and religion. Moreover, the new immigrants "have largely come from despotic countries where or-

[1] Commons, "Social and Industrial Problems," *Chautauquan*, Vol. XXXIX, pp. 21-22.

ganization was put down by the military power and where violence is the accepted remedy for oppression."[1] Wherever labor organizations have been successfully maintained among foreigners, however, they have been important factors in effecting the assimilation of their members.

5. *Special Problems:* The special problems which are here to be discussed are four in number, illiteracy, the padrone system, the so-called "birds of passage," and Canadian immigration.

(*a*) *Illiteracy:* The ability to read and write is an important part of the equipment of the American laborer, and, though illiteracy is also a social question, it affects vitally the ability of foreigners to compete with native workmen and is, therefore, a part of the labor problem involved in immigration. According to the Twelfth Census 12.9 per cent. of the foreign whites were illiterate, as compared with only 5.7 per cent. of the native whites of native parentage, and an even smaller percentage, 1.6, of the native whites of foreign parentage. That this is not due to the superior education of the former immigrants is shown by the fact that in 1880 the percentage of illiteracy among the foreign whites was nearly as great as in 1900, or 12.0 per cent.

Clearly the children of illiterate immigrants have shown a very strong tendency, from one cause or another, to join the literate classes of this country. Upon the whole, then, it is obvious that illiteracy is only a tempo-

[1] *Industrial Commission*, XV, p. 313.

rary problem of immigration, and one which is practically solved in the second generation. So far as it is an evil in the first generation, however, it is now associated almost entirely with the immigrants from eastern Europe, for of all the aliens who came to the United States from the western European countries during the year ending June 30, 1903, only 3.9 per cent. were illiterate, the largest proportion of these being from northern Italy, while of those who came from the countries of eastern Europe, including the natives of southern Italy, 37.4 per cent. were illiterate.

(*b*) *The Padrone System:* The padrone system arose during the period of industrial recovery following the Civil War, when the pressing demand for labor induced a considerable amount of solicited immigration. It existed originally only among the Italians, but has recently been found among the Armenians, Turks and Greeks. In the early stages the padrone was the agent of the contractor or the manufacturer, and his business was to persuade his fellow countrymen to come to the United States under contract to his employer. His revenue was derived from commissions of various kinds, from the men for obtaining employment for them, for sending money back to Italy and for boarding them while in this country, from the manufacturer for obtaining laborers, and from the steamship company on their passage.

During the decade 1870 to 1880, however, when the system attained its greatest odium, the padrone acted upon his own initiative and was himself the employer. He

would contract for the labor of his men for a certain number of years, and would then farm them out to any one who wanted them, boarding them himself, receiving their wages, and paying them a minimum sum at the end of the time.

Gradually, under the influence of the increase of immigration and of governmental opposition to the importation of contract laborers, the character of the padrone has changed, and now he no longer induces immigration, but merely trades upon the ignorance and poverty of his fellow countrymen after they have arrived in the United States. He finds employment for those who can not speak English and have no other way of obtaining work, and makes his profit through commissions and keeping boarders. Usually, too, he works in connection with an Italian banker who keeps the small savings of the immigrant and furnishes the capital for the padrone.

At the present time there are about eighty Italian banks in New York City alone, which can furnish men in lots of from fifty to one hundred, and in Chicago in 1897 it was found that 21.67 per cent. of the Italians of whom the question was asked stated that they worked for a padrone. The system is sometimes used in public works, such as the Erie Canal, and on railroads the employment of immigrants through padroni is extensively practiced.

(*c*) *"Birds of Passage:"* Of recent years large numbers of immigrants have come to this country with no intention of settling, but merely in order to earn enough money to enable them to return to their native land and

live in comparative comfort on their savings. These are the "birds of passage," who come for a season of work and then return, carrying back the major part of their wages. It is stated by the census authorities that of the whole number of immigrants who came during the decade from 1890 to 1900 very nearly one-third were not present in the country when the census was taken in June, 1900. In April, 1896, an examination of Italians landed in New York showed that 27.7 per cent. had been in this country before, and in 1903 the Society for the Protection of Italian Immigrants estimated that 40 per cent. of the Italian men who landed in New York were not new arrivals. The immigrants from Austria-Hungary, as well as the Italians, show a decided tendency to return to their native country. "Charities" reports that during the calendar year 1903 the emigration from the United States to Europe amounted to 28 or 30 per cent. of the total immigration for the year. The Canadians, also, come in large numbers during the busy season, returning when work is slack. It is estimated that from fifty to seventy thousand people come annually from Canada in this way.

(*d*) *Canadian Immigration:* The immigration of Europeans through Canada presents another peculiar problem, because of the comparative ease with which the United States immigration inspectors can be evaded, and the consequent entrance by this route of large numbers of undesirable aliens. In Montreal recently there was exposed a regularly organized system of smuggling

diseased immigrants across the American border. The commissioner at New York, moreover, reports "as a frequent occurrence the recognition of aliens on the streets of that city by the officials who had assisted in their deportation," and "repeated instances have occurred of deportation of aliens who, after rejection at a port of this country, have secured entrance by returning through Canada, and, becoming public charges after such entrance, have been returned to their own country at the expense of the immigration fund."[1] Recently, however, Canada has passed a law similar to our own, providing for a rigid inspection of all aliens landing at her ports, and it is believed that this will serve to abate the evils complained of by the United States.

6. *Legislation:* Though there were earlier laws prohibiting the entrance into this country of various classes of persons considered dangerous to the public welfare, the first general immigration act was passed in 1882. The contract labor laws were enacted in 1885 and in 1887; another general act in 1891; in 1893 an administrative act; and in 1903 the general codifying act which now regulates the immigration service. Through all these laws there has been a steady progression towards the idea of selection by exclusion and towards more effective methods of enforcement.

This legislation has been designed, on the one hand, to exclude the diseased, the criminal and the pauper, and, on the other hand, to exclude the contract laborer. In

[1] *Industrial Commission*, XV, p. 682.

other words, those persons are excluded who are not capable of successful competition, and those are also excluded who have had the forethought to provide that on landing they shall have a sure means of successful competition with American workmen. It is only when we study the history of the laws and the reasons for their enactment that the cause of this apparently inexplicable contradiction becomes apparent. The contract labor laws have been enacted at the solicitation of organized labor, and are designed to prevent employers from breaking a strike of native workmen by the importation of foreigners. In case of a strike the issue turns solely on the ability of the employer to fill the places of the strikers, and, while the unions may control the American labor market, it is impossible for them to control the foreign labor market as well. The protection is similar to that afforded the American manufacturer by means of the tariff.

The fundamental principle at the bottom of the immigration laws is the protection of the American citizen, (a) as a member of society, from excessive burdens in the support of the dependent, defective and delinquent, and from the danger of physical and social disease, and (b) as a workman, from unequal competition with nationalities and races having a lower standard of life. Any consideration of this legislation divides itself naturally into two parts, a study of the excluded classes and a study of the methods by which these classes are excluded.

The classes of immigrants excluded are: (1) convicts, except those guilty of political offenses, and (2) women

imported for immoral purposes, both excluded by the act of 1875; by the act of 1882 (3) lunatics, (4) idiots, and (5) persons likely to become public charges; by the acts of 1885 and 1887, (6) contract laborers; by the act of 1891, (7) paupers, (8) persons afflicted with a loathsome or dangerous contagious disease, (9) polygamists, (10) those whose passage has been paid for by others unless it can be conclusively shown that they do not belong to any of the excluded classes; and, finally, under the act of 1903, (11) epileptics, (12) persons who have been insane within five years previous or have ever had two or more attacks of insanity, (13) professional beggars, (14) anarchists, or all persons who believe in or advocate the overthrow by violence of government or law, (15) persons attempting to bring in women for immoral purposes, and (16) persons deported within a year previous as contract laborers. The interpretation of the contract labor law has led to so many difficulties, and this law has been so broadly construed by the courts, that the act of 1903 amplified the language to include "any offer, solicitation, promise, or agreement, parole or special, expressed or implied, made previous to the importation of such alien to perform labor or service of any kind, skilled or unskilled, in the United States."

The excepted classes are, briefly, (1) aliens who are not immigrants, as, (a) Canadians who cross the border to perform daily labor and return at night, (b) alien residents, (c) alien seamen, and (d) aliens in transit across this country; (2) certain classes of alien immigrants, as,

(a) personal or domestic servants, (b) relatives and friends who are not under contract, (c) ministers and college professors, (d) professional actors, artists, lecturers and singers, (e) persons belonging to any recognized learned profession, and (f) skilled laborers, if labor of like kind unemployed can not be found in this country. The exception of those classes of aliens who are not immigrants rests upon court decisions.

The enforcement of the immigration laws is delegated to the Bureau of Immigration, which, at the beginning of 1904, was transferred from the Treasury Department to the Department of Commerce and Labor.

When the immigrants arrive in this country they pass in groups of thirty, first before the medical inspectors, who detain any who may look suspicious, and then before the immigration inspectors, who verify the manifests furnished by the master of the vessel. There is no appeal from the adverse decision of the medical inspector, but if the immigration inspectors are for any reason doubtful the case is sent to a Board of Special Inquiry, the decision of which is final, except upon appeal to the Commissioner-General of Immigration, whose action is in turn subject to review by the Secretary of the Department of Commerce and Labor. It will be observed that the right of appeal is always in favor of the immigrant. It is provided, however, that any alien admitted into this country in violation of law, or becoming a public charge from causes existing prior to landing, may be deported to the country whence he came within three years after landing, at the expense

of the transportation company or, if that is impossible, of the immigration fund. The transportation company which brought them is, in general, obliged to bear the whole expense of the detention of debarred immigrants at the port of landing and of their deportation.

In case of a violation of the contract labor law, the importer is liable to prosecution, but the technicalities of the law, and the fact that the penalty in this case is imposed by the Federal courts, with an appeal to the Supreme Court of the United States, has heretofore usually saved the importer from punishment.

The expense of regulating immigration is defrayed from the immigration fund, into which is paid the head tax of two dollars for "each and every passenger not a citizen of the United States, or of the Dominion of Canada, the Republic of Cuba, or of the Republic of Mexico." This head tax is nominally paid by the transportation company, but practically is added to the price of passage.

Transportation companies are forbidded to solicit immigration to the United States, and by the act of 1903 are liable to a penalty of $100 for each and every immigrant brought to this country afflicted with a contagious disease capable of being detected at the time of embarcation. This law has had the effect of making the medical examination of the steamship companies much more thorough.

The most important movement for further restriction is that which favors the educational test, designed to exclude the illiterates. It is urged in favor of this test that the

classes generally considered undesirable contain a large proportion of illiterates, that it is exact and simple of application, that it could be applied at the ports of embarcation and thereby avoid actual deportation, that it would promote education among those who desire to emigrate and, finally, that it would materially lessen immigration. The probable effect of this test may be seen by a glance at the table previously given which shows the relative illiteracy of the different races.

Other classes which it is sometimes considered desirable to exclude are, (a) persons *charged* with crime, (b) "those in any way physically disabled, as well by non-communicable as by communicable disease, or by bodily deformity, accidental or congenital," and (c) "all those aliens who are sixty years of age or over unless they have children resident here and able to provide for them."

The principal administrative recommendation made by the Commissioner-General is "that provision should be made for the detail of competent medical officers, representing the Government, for service at foreign ports, to examine aliens prior to embarcation for the United States." It is, finally, recommended by the Commissioner-General of Immigration that legislation be directed to the distribution of the aliens who are admitted, and who, for lack of knowledge of the condition of the labor market in different localities and occupations, become congested in city slums and in sweat shops, depriving employers throughout the country, especially farmers, of much needed assistance. He recommends "the erection of

buildings at the various ports of entry, with a view to the dissemination among arriving aliens by Government or State officers of information that will enable them to locate at those places in this country where their labor is required and where they can have the best opportunities of making homes for themselves and their children."[1] There are, however, good reasons to believe that unless added restrictions are placed upon immigration, any efforts toward the improvement of the condition of those already here will result merely in attracting more immigrants to this country. "Immigration will increase proportionally to the new opportunities, just as it increases when prosperity follows depression."[2]

7. *Chinese and Japanese Immigration:* The problem presented by the Chinese and Japanese aliens who come to the United States is wholly unlike that of European immigration, for here the differences in race and civilization are so great that the difficulty of assimilation is insurmountable. It is not expected that the Asiatic immigrants will ever become an integral part of the American people, as the German arrivals of former years, for example, have already done. The problem resembles rather the "race" question, as we know it in this country, than the problem of European immigration as previously considered.

(*a*) *History of the Problem:* By 1880 the evils of Chinese immigration had attained such alarming propor-

[1] *Annual Report of the Commissioner-General of Immigration*, 1908, p. 122.

[2] *Industrial Commission*, XIX, p. 976.

tions upon the Pacific Coast that it became necessary to suppress the tide of coolie labor which threatened to drive the white workers out of California. As the result of a vigorous agitation, the famous immigration treaty of 1880 was framed, and in 1882 the Chinese Exclusion Act was passed by Congress. The justification for this sweeping exclusion of the laboring class of Chinese is found in the exceptional and extraordinary character of the immigration, but it has never been extended to the Japanese, who enter the United States on the same terms as the European races.

Following the Chinese influx, which was checked by this drastic legislation, there began about 1890 a large and steady stream of Japanese. The latter have underbid even the Chinese in the labor market and have thus practically destroyed the protective barrier of the exclusion law. In 1893, 1,380 Japanese entered this country, and in 1898, 2,230, but by 1900 the number had risen to 12,635 and in 1903 to 19,968.[1] The Chinese arrivals in 1882 numbered 39,579, and in the previous year 11,890. It is evident, then, that the problem of Japanese immigration is rapidly attaining proportions which make it comparable to Chinese immigration at the time of the Exclusion Act. It is claimed, moreover, that large numbers of both races enter the country clandestinely across the Canadian and Mexican boundaries, and, consequently, do not enter into any enumeration. The Japanese do not colonize as do the

[1] The war between Japan and Russia has suddenly checked Japanese immigration to the United States, but this is doubtless merely temporary.

Chinese, but scatter through the agricultural districts, working in the fields and orchards of California and on the railroads of the West.

A great many Japanese come to this country in violation of the contract labor law. There are in Japan twelve so-called immigration companies, which make a business of encouraging and recruiting coolie immigration to the United States. These companies enter into a contract with the immigrant by which it is provided that passage shall be secured, with the necessary passport, that his expenses shall be paid while en route and that the company shall return him to Japan in case of sickness. There is also in the United States an elaborate system of boarding house keepers and Japanese bosses, which is merely a means of evading the contract labor laws. The difficulty of securing interpreters other than the Japanese themselves is a serious obstacle to the rigid enforcement of the immigration laws against this race.

(*b*) *Numbers in the United States:* The actual numbers of Chinese and Japanese in the United States, however, are small compared with the number of Europeans. In 1900 there were only 119,050 Chinese in this country, including 25,767 in Hawaii, and representing only a small increase over the number found in 1880. Between 1890 and 1900, indeed, there was a decided decrease, due wholly to a falling off of 30.1 per cent. in the number of Chinese in the Western division. Even now, however, 75.4 per cent. of the Chinese in the United States, exclusive of Alaska and Hawaii, are concentrated

in the Western states. There has been a gain, however, in the number of Chinese in the other divisions, and a decided gain in the number of Chinese in Hawaii.

The Japanese, on the other hand, have increased enormously, the number rising from 148 in 1880 to 86,000 in 1900. Nearly three-fourths of these, however, were in Hawaii at the latter date, and it is even said that the *laissez-faire* policy at present pursued by the government "will result in a few years in making the islands practically Japanese." In Hawaii the immigrants from Japan show a strong tendency to become permanent and readily adopt occidental habits, though remaining "intensely alien in their sympathies, religion and customs."[1] In the United States exclusive of Alaska and Hawaii there were only 24,326 Japanese, less than five thousand more than were reported as immigrants in 1903. These were concentrated in the Western division. It is maintained, however, that neither the census nor the immigration figures are correct with regard to the Chinese and Japanese in this country, and that the number is considerably higher than is generally supposed.

(*c*) *Chinese and Japanese in Industry:* The numerical importance of the Chinese and Japanese in industry is comparatively slight. In 1900, for instance, in spite of the fact that 93.8 per cent. of all the persons of each race 10 years of age and over were engaged in gainful occupations, only 0.2 per cent. of all the workers in agricultural pursuits, 0.1 per cent. in professional and in domestic and

[1] *Bulletin of the (U. S.) Department of Labor*, No. 47, p. 796.

personal service, 0.3 per cent. in trade and transportation and 0.2 per cent. in manufacturing and mechanical pursuits belonged to the Chinese and Japanese races. Fully one-half of all the males returned as launderers, however, were Chinese and Japanese, nearly all of them being Chinese, while the two races together formed 5.6 per cent. of all the males returned as servants and waiters.

In general, the Chinese tend to concentrate in domestic and personal service, while the Japanese tend to become distributed through the three occupation groups, domestic and personal service, trade and transportation and agricultural pursuits. Of the Chinese males gainfully employed in 1900 more than three-fifths, 61.7 per cent., were engaged in domestic and personal service, nearly one-third, 31.0 per cent., being launderers, 15.5 per cent. servants and waiters and 12.6 per cent. laborers not specified, while 14.6 per cent. were engaged in agricultural pursuits, 11.8 per cent. in manufacturing and mechanical pursuits, 11.1 per cent. in trade and transportation and 0.8 per cent. in professional service. Of the Japanese males gainfully employed, on the other hand, about two-fifths, 40.5 per cent., were in domestic and personal service, nearly one-third, 30.5 per cent., in trade and transportation, nearly one-fourth, 23.9 per cent., in agricultural pursuits, 4.5 per cent. in manufacturing and mechanical pursuits, and 0.6 per cent. in professional service.

The concentration of Chinese and Japanese in particular localities, however, renders the problem far more

serious than appears upon the surface. In San Francisco, for instance, the Chinese have entered a variety of trades, including the usual sweated industries of the eastern cities and also cigar making and the manufacture of boots and shoes. They work for an average wage of $1.00 per day, and for from eleven to twelve hours or longer. In cigar making they have practically driven out white labor. In the fruit packing industry of California the Chinese and Japanese are both employed in large numbers, while many Chinese are employed in and about mines as cooks and camp attendants, and also in the actual work of placer mining, where they receive about one-half the wages given to white miners.

On the railway lines of the West large numbers of Chinese and Japanese are employed, and the Japanese particularly are using this labor as a means of advancing into the Eastern states. The following table shows the number and nationality of common laborers employed by the three great railroads of the far West in 1900:

	Americans	Asiatics	Foreign whites	Total	Per cent. foreign
Oregon Railway and Navigation Company . .	1,656	463	1,062	3,181	48
Southern Pacific lines west of Ogden	6,660	966	1,260	8,886	25
Santa Fé lines west of Albuquerque	1,159	347	383	1,889	39
Total.	9,475	1,776	2,705	13,956	33

Those classified as foreign whites by the Southern

Pacific lines include only Mexicans, while in the case of the Santa Fé lines they include Indians and Mexicans. It is not known how many of those classed by these two roads as Americans are really of foreign birth. Moreover, a great part of the construction work is let out to contractors who employ a large amount of Asiatic labor. It is a matter of common observation that the proportion of Japanese laborers has increased rapidly since 1900.

The agricultural industries of the Pacific Coast states, however, have suffered most severely from this cheap coolie competition. Though the Chinese are at present devoting themselves principally to enterprises in which they have become proprietors or in which they can receive fairly remunerative wages, the Japanese have established themselves as wage-earners in almost every line of industry, and have filled the hop and sugar-beet fields, the ranches, orchards and vineyards.

(*d*) *Legislation:* The Chinese Exclusion Act was designed to suspend the immigration of laborers for a period of years, though heretofore it has been periodically renewed. Several classes of persons are specifically exempted. These are, (a) any Chinese laborer who is registered and who has "a lawful wife, child or parent in the United States, or property therein of the value of one thousand dollars, or debts of like amount due him and pending settlement," (b) "officials, teachers, students, merchants, or travellers for curiosity or pleasure," and (c) wives and minor children of members of the exempt classes. Chinese born in this country belong to the class

of so-called "native sons" and are, of course, entitled to admission at any time. Chinese laborers must be registered, and must obtain before departure from this country certificates showing the right to return, which, however, are good for only one year. Members of the second exempt class, officials, teachers, students, merchants, and travellers, must have certificates from their own government viséd by a diplomatic or consular representative of the United States. All Chinese found unlawfully in this country are deported.

This law is very difficult of enforcement, owing to the ease with which Chinese can enter over the Canadian and Mexican borders, to the uncertainty of identification, and to deliberate frauds of all kinds. There has recently, for instance, been a large increase in the number of arrivals claiming to be "native sons," their claims supported only by the testimony of Chinese witnesses. About 90 per cent. of these cases are said to be frauds, and at least 75 per cent. of all who enter in this way are common coolie laborers. There is also a great deal of fraud in the entrance of the minor sons and daughters of merchants, or those claiming to be such, as well as of the merchants and students themselves. In many instances a small business has many partners, each claiming a $1,000 interest, and the majority of them mere laborers.

The weaknesses of the Chinese exclusion law are (a) the unnecessary hardships at present imposed upon merchants and others of the exempt class, (b) the difficulty of patrolling the land border of the United States, (c) the

fact that the Chinese have the right of appeal to the United States District Court, while the Government at no stage has such right of appeal, (d) the purely perfunctory way in which the consular examination in China is performed, and (e) the difficulty of determining the claims of alleged Chinese merchants. The recommendations of the Commissioner-General of Immigration in 1903 were that officers of the Immigration Bureau be assigned to the consular officers in China for use in making the investigations required by law, that Chinese to be employed as seamen on American vessels be definitely excluded, that the Government be granted the right of appeal in all cases of Chinese tried on the charge of being unlawfully in this country, and that Chinese merchants be required to file lists of the members of their firms with the amounts invested by each, and to give prompt notification of any changes in the membership of the business.

8. *The Problem of Immigration:* The essence of the immigration problem is the enforced competition between laborers with a low standard of life and laborers with a relatively high standard of life, and the economic evil of this competition is measured by its intensity, which is, in turn, determined by the quality as well as by the quantity of the alien elements. The immigration of 1903, for instance, in spite of the fact that it was smaller relatively to the total population and to the industrial resources of the country, can not but be regarded as presenting a far more serious problem than that of 1882. The immigrants who came in earlier years were permanent settlers; they

were of races closely allied to the dominant race of this country; they were thrifty, ambitious and, for the most part, anxious to become assimilated; and their standard of life, while lower than that of the native laborers, was distinctly higher than that of the bulk of the immigrants who have arrived during recent years.

It is sometimes maintained that these unskilled, ignorant laborers are needed for the rough work of the country, which native workmen are unwilling to undertake, but for several reasons this theory may be questioned. Apart from the fact that the introduction of foreigners has undoubtedly itself caused the unwillingness of the native laborers to perform certain kinds of work, there are good reasons to believe that at the present time the demand of industry in general is increasingly for skilled and not for unskilled labor. Moreover, it is obvious that a large proportion of the immigrants fail to reach the localities where they are needed for rough work, but become congested in city slums and sweat shops.

The immigrants most dangerous to the American workman, however, are those who come, as do many of the laborers from southern and eastern Europe, to earn the higher wages offered in the United States, with the fixed intention of returning to their families in the home country to spend those wages. They have no incentive to adopt the American standard of life, and their intense desire for the immediate advantage of the moment renders it impossible to rouse their ambition or to materially better their condition.

In general, it has been unskilled labor that has suffered most severely through immigration, and in those occupations in which native workmen compete side by side with the foreign born the struggle is most intense, and the depressing influence upon the standard of life most serious.

In such occupations as coal mining, native laborers have been practically driven from the field, and the aliens have, by mutual competition of races, reduced the standard of living to a mere question of sustaining the needed physical endurance. This point once reached, however, the foreigners have been driven to drop all question of race, religion and politics, and to unite in one of the most powerful labor unions of the country. Organization, though effected with difficulty among the immigrants, attains, when once established, the force of a religion. The strength of the United Mine Workers is an illustration of what must inevitably appear in those occupations which are given over wholly to the foreign born, who underbid each other until the limit of human endurance is reached.

It is claimed, finally, by many advocates of restriction, that the "racial suicide," which has been recently so much discussed, is closely connected with the problem of immigration, and that a large influx of foreigners lowers the native birth rate and raises that of the newly-arrived aliens. It is maintained that "the immigrants are not *additional* inhabitants" but that "their coming displaces the native stock." Moreover, it is stated that immigra-

tion does not relieve over-population in the older countries, because there, too, the birth rate is increased until the places of the immigrants are practically filled. Though the facts involved here are still in dispute, it is obvious that the question is of profound importance, for, from this point of view, immigration would become of most serious sociological significance. Such a movement, indeed, as is suggested, would involve an entire transformation of the national type, and would imply that "the future of American society, industry, religious faith, political institutions may be decided in a way quite marvelous by the governing powers of this country."[1]

In view of the foregoing considerations there seems no escape from the conclusions reached some years ago by President Walker. "Charity begins at home; and while the people of the United States have gladly offered an asylum to millions upon millions of the distressed and unfortunate of other lands and climes, they have no right to carry their hospitality one step beyond the line where American institutions, the American rate of wages, the American standard of living, are brought into serious peril. All the good the United States could do by offering indiscriminate hospitality to a few millions more of European peasants, whose places at home will, within another generation, be filled by others as miserable as themselves, would not compensate for any permanent injury done to our republic. Our highest duty to charity

[1] Hunter, "Immigration the Annihilator of Our Native Stock," *The Commons*, Vol. 9, No. 4, p. 116.

and to humanity is to make this great experiment, here, of free laws and educated labor, the most triumphant success that can possibly be attained. In this way we shall do far more for Europe than by allowing its city slums and its vast stagnant reservoirs of degraded peasantry to be drained off upon our soil."[1]

REFERENCES: Of the older works on immigration the most valuable are *Emigration and Immigration*, by Professor Richmond Mayo-Smith, and the article by Professor E. J. James on "Emigration and Immigration" in *Lalor's Cyclopaedia of Political Science*. For authoritative information in regard to the recent problem the reader is referred to the *Report of the Industrial Commission*, Vol. XV, which contains the testimony of witnesses, a review and digest of the evidence offered and several special reports, and Vol. XIX, pp. 957-1109, in which the entire subject is summarized. More recent statistics may be found in the *Twelfth Census, Special Report on Occupations*, pp. lxxxi-lxxxv, clv-clxvii, clxxxvi-ccxii, and in the *Annual Reports of the Commissioner-General of Immigration*. The most important of the more popular treatments of the subject are: The series of nine articles on the "Racial Composition of the American People", by Professor John R. Commons, published in the *Chautauquan* from September, 1903, to May, 1904, Vols. 38 and 39; the articles in the *Popular Science Monthly* by Dr. Allan McLaughlin, on "The Bright Side of Russian Immigration", Vol. LXIV, pp. 66-70, and on "Immigration and the Public Health", Vol. LXIV, pp. 232-238; and the symposium on "The Immigrant, His Problem and Ours", in *Charities*, Vol. XII, No. 6, pp. 129-154.

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   (*c*) *Ninth Special Report of the (United States) Department of Labor, The Italians in Chicago*, pp. 50.
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[1] Walker, *Discussions in Economics and Statistics*, "Restriction of Immigration," p. 449.

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CHAPTER IV

THE SWEATING SYSTEM

One of the greatest evils which is fostered and developed by the constant influx of alien immigrants is the sweating system. This is the last unwholesome survivor of the domestic system of labor and, though it is most prevalent in the clothing trade, is possible in any industry in which are present the three essential conditions: (a) a crowded population in large cities, (b) contract work, and (c) inexpensive machinery. It is coming to be recognized, for instance, that true sweating exists in this country in cigar factories, bake-shops and laundries. Newly arrived immigrants crowded in large cities are the most helpless victims of the system, and, by their willingness to submit to almost any terms of employment in order to live, are the source of a fierce competition which intensifies the very evils under which they suffer.

In its earlier form the sweating system was practically identical with the sub-contract system, the difference between the price paid the contractor and the price paid the sub-contractor or actual worker being considered as "sweated" from the normal earnings of the latter. Of late years, however, the tendency has been to reduce the cost by eliminating the sub-contractor, without in any

way changing the labor conditions. There is no industrial system coextensive with the evils complained of and "an examination of the sweating system resolves itself into an inquiry into the conditions under which occupations recognized as 'sweated industries' are worked, and into the causes, whatever they may be, of the evils which are suffered."[1] In the following section an attempt will be made to describe the system, principally as it relates to the clothing trade, by means of a study of its characteristic conditions and its more fundamental causes.

1. *Characteristics of the System:* The following definition of the sweating system is given by Mr. Henry White, formerly general secretary of the United Garment Workers of America: "The term 'sweating system' has a general meaning, but is specifically used to describe a condition of labor in which a maximum amount of work in a given time is performed for a minimum wage, and in which the ordinary rules of health and comfort are disregarded."[2] This definition brings out the three characteristic evils of the sweating system, (a) low wages, (b) long hours, (c) insanitary workshops. In the last named evil is implied a fourth, the danger to the health of the consumer from the use of sweat shop goods. The final process in the manufacture of clothing in the sweatshop is the removal of the grease, dirt and vermin that have collected, but the less obvious accumulation of disease germs generally passes unnoticed.

[1] Booth, *Life and Labor of the People*, Vol. IV, p. 333.
[2] White, "The Sweating System," *Bulletin of the (United States) Department of Labor*, No. 4, p. 360.

The causes of the sweating evil are somewhat complex and even obscure. It has been found, however, that it is a serious mistake to regard the middleman or "sweater" as himself the cause, or even a contributing cause, of the evil. The typical sweater is little, if any, better off than his employees, and is himself a victim of the system. Nor is sub-contract an absolutely essential part of the sweating system. The same conditions have been found to exist when the work was taken direct from the manufacturer. Another view is that the ultimate cause of the system is the weakening of the race through the bad sanitary and hygienic conditions prevalent in cities, which render the individual inefficient and incapable of competition with those who have lived under better conditions. This idea, however, fails to account for the fact that in the United States thousands of victims of the sweating system come from the agricultural communities of Europe, and for the further fact that only a small proportion of the children of sweat shop workers are themselves found in sweat shops. Nevertheless, a leading cause of the sweating system is undoubtedly the lack of competitive ability on the part of large numbers of wage-workers, a lack, however, which is principally due to ignorance, absence of industrial training and a low standard of life.

A second leading cause of the sweating system is the fact that in certain industries the general rule that the big shop can produce more cheaply than the small one does not hold good. This fact is, of course, largely dependent

upon the former cause, for the small shop holds its supremacy only by reason of the over-supply of cheap and needy labor. The large establishment, moreover, is far more subject to legislative supervision than the small, which maintains its economic position by driving down wages to the subsistence point and below, by indefinitely prolonging hours, and by wholly neglecting sanitary conditions. The large use of woman and child labor, and the small amount of skill required in a highly specialized industry also contribute to the success of the small shop. The foreigner, moreover, ignorant of the English language, is at the mercy of some small contractor, probably of his own nationality, from whom he learns a single process of manufacture and by whom he is carefully guarded from the knowledge of any means of escape from this vicious circle. Charity, also, frequently steps in and complicates the problem still further by giving aid only where it can be shown that the family is partly supported by its own efforts, thus placing pauper labor upon the side of the small, obscure shop and home work in the competitive struggle.

Another factor which has contributed largely to the success of the small shop is the seasonal character of the trade. Outside of the two rush seasons of three or four months each there is practically no work. If the manufacturer maintained his own establishment this fact would be a serious inconvenience and loss to him, while it would be hardly possible for him to increase his working capacity rapidly enough during the rush seasons. By

the contract system, however, he throws all the losses of the dull period upon the employees. Under it he can wait until the last moment to buy his goods, and can then distribute them broadcast to be made up in the minimum time. By means of this system a mass of unskilled labor is effectively organized for work when wanted, and is cast adrift readily when the need is over.

Aside from the three evils which we have seen to be inseparably connected with sweating, the main features of the system are, generally, the minute subdivision of labor and the contract system with a piece price or wage. The manufacturer is usually the owner of the material, but the work is not carried on upon his premises. In the garment trade either the manufacturer or a large contractor has what is called an "inside shop" where all the cutting is done and from which the articles are given out in bundles. The cutters are skilled workmen, usually working by the week, and enjoying superior conditions of labor.

Three principal varieties of sweating have been distinguished. First, individuals may labor in their own homes with the assistance only of members of their families. A great deal of custom work is done in this way by skilled journeymen tailors. For the most part, however, this is the lowest type of sweat shop labor, and is frequently carried on under conditions of indescribable filth and squalor, in quarters which have become centers of wretchedness and ignorance, and from which "are scattered

much of the crime and more of the disease that infest our large cities."

Secondly, individuals may labor in their homes with hired assistance for particular operations. This is the typical form of sweating, under which the living apartments are turned into factories in which outsiders are employed, and frequently also boarded. In these shops unclean and unhealthful conditions are inevitable, and the close association of from six to fifteen or more persons in one small, unventilated room renders the spread of contagion, as well as the danger of disease, a constant menace. The sweater, in this case, is not merely a contractor, but is the head workman, and often the only person in the shop who understands all the different processes involved in the making of a garment. It is against these shops that legislation is particularly directed.

The third variety of sweating is carried on in workrooms used especially for that purpose. These are sometimes connected with the living rooms of the sweater, but sometimes they are in buildings which are not used for residential purposes. They are frequently in rear tenements or barns, which have been condemned as unfit for human habitation. The machines in these larger shops are sometimes run by gas, steam or electricity. As the size of the shop and the number of employees increase, the sweater becomes more and more an overseer, driving the laborers to the greatest possible speed for the longest possible hours. Although wages are still by the piece,

only rapid work and long hours will enable the workpeople to hold their places in these shops, for the burden of expense which the sweater bears is comparatively heavy, and he is obliged by competition to turn out the maximum amount of work.

Though these are the three varieties which may properly be called sweating, there are two other methods of garment manufacture which have been gaining in favor within recent years. The first of these is the manufacture of clothing in the country by the wives and daughters of farmers and by other women who have spare time and work for "pin money." The conditions of labor in such cases are not in themselves objectionable, but it is obvious that this country competition is calculated to drive still lower the conditions in the city sweat shops. The second method is manufacture in large "inside shops" and is practically the factory system applied to this trade. Little objection can be made to this method when supervised by an efficient system of factory inspection.

2. *Rise of the Problem:* While in England the early victims of the sweating system were mainly English people, in the United States, and even in London at the present time, the immigrant population furnishes the vast majority of sweat shop workers. In New York City the tailor trade was originally carried on by the English and Scotch, but about 1850 the Irish began to appear, and a little later the trade was taken up by the Germans. The sweating system practically began, however, in 1885,

following the enormous immigration of the years immediately preceding. The Hungarian, German and Austrian Jews had entered the trade as early as 1873 and soon afterwards the Russian and Polish Jews appeared. By 1890 the Jews had gained entire control of the clothing industry in New York, the price of labor had fallen greatly, and a fierce competition reigned in all the larger cities of the United States, including New York, Boston, Baltimore, Philadelphia and Chicago. In the same year the Italians entered the clothing trade in New York, and they have even further reduced prices, and have been a powerful factor in the problem of home work. Thus the clothing industry seems to have been the first resource of each of the alien races in turn, the more recent driving out the older immigrants and all apparently using the sweating system merely as a stepping stone.

Passing over the element of race, there are traceable in the development of the clothing industry in this country four distinct stages. First, there was the journeyman tailor, a skilled mechanic who made up the entire garment himself and worked under fairly good conditions. The journeyman tailor has continued to perform a great part of the custom work, but his condition has steadily deteriorated, owing to the pressure of competition.

The second stage was the home shop with division of labor, and for this, as for all subsequent developments, the large and increasing demand for ready-made clothing is largely responsible. While in 1870 probably less than 25 per cent. of the clothing manufactured in this country

was ready-made, in 1890 it was 60 per cent., and the proportion is considerably higher now.

An important factor in the supremacy of New York in the clothing business has been the prevalence there of the third method of production, the "task" system. Under this system the subdivision of labor and the economy of expert skill are carried to their extreme, and here the Jew, owing to his willingness to change his method of production, to use machinery, and to drive himself to the limit of exhaustion, has reigned supreme. The system originated about 1877, and practically took the place of the journeyman tailor in the coat making branch. The task system has two characteristics. First, there is a "team" or "set" of men who work together, each one performing a special part of the labor. Second, a certain task is set, which is called a day's labor, regardless of whether it takes one day or two to perform it. By this means the fiction is maintained that standard wages are paid. The screw is turned from time to time, however, by increasing the amount of the "task" or day's work. "Whereas fifteen years ago the task was eight or ten coats for one day's work, the task is now twenty to twenty-two coats of the same quality. Formerly the operator, baster and finisher could complete their task in eight or ten hours of leisurely work; now it requires fourteen hours of intense application."[1] This task system is the most objectionable method of shop work, but it is practically confined to New York.

The fourth method of clothing manufacture is the appli-

[1] *Industrial Commission*, Vol. XV, p. 337.

cation of the factory system. Although it is difficult, under existing conditions, for this method to compete with the sweat shop, it seems to be slowly gaining ground, and may in time prove to be the solution of the sweating problem.

3. *Legislation:* Twelve states have passed more or less stringent laws upon the subject of tenement house manufacture. These are New York, Massachusetts, New Jersey, Connecticut, Illinois, Indiana, Pennsylvania, Michigan, Ohio, Missouri, Wisconsin and Maryland. In general, the legislation upon this subject in the United States is more radical than in any other country. It is designed primarily, not to protect the workers, but to safeguard public health, and is based on the police power of the state. In two instances, however, such legislation has been declared unconstitutional. The New York law of 1884, which prohibited tenement house work in the manufacture of cigars, was declared unconstitutional, "as interfering with the freedom of the home, and as not having the justification of being a police measure for the protection of the health of the public." The Maryland sweat shop law, moreover, which was more radical in some respects than any of the others, was recently declared unconstitutional as transcending the police power of the state.

These laws usually apply to all rooms in tenements or dwelling houses, though the Wisconsin and New York laws include also buildings in the rear of tenements and dwelling houses. In regard to the persons to whom the

law relates, Michigan, New York, Pennsylvania and Wisconsin make no mention of the members of the family, but simply require a license for the manufacture in the specified places of any of the enumerated articles. Massachusetts and Maryland prohibit the manufacture of certain articles in tenement or dwelling houses by any persons outside of the immediate family living therein, and require a license for each family. The other states regulate in various ways tenement house manufacture when outsiders are employed.

The articles the manufacture of which is regulated are usually carefully enumerated and include nearly every variety of wearing apparel and also, very often, cigars and cigarettes.

All of the states that have laws on the subject, except Connecticut, Ohio, Illinois and Missouri, require licenses, and Connecticut and Illinois provide that the factory inspector shall be notified whenever such a shop is started. Indiana, Maryland, Michigan, New Jersey, New York, Pennsylvania, and Wisconsin specifically provide that the premises must be inspected before a license or permit is granted, that the license shall be posted, and that it may be revoked. Massachusetts, Michigan, New York, Pennsylvania and Wisconsin further strengthen their license provisions by forbidding the hiring, employing or contracting with any unlicensed shop or family. This license provision is far more effective than any penalty imposed in court, since it avoids the delay of court proceedings and takes from the violator the means of earning a living.

Seven states, Maryland, Michigan, Missouri, New York, Ohio, Pennsylvania and Wisconsin, require manufacturers to keep lists of the places where their work is done. In Massachusetts these lists are secured by voluntary agreements.

It is usually provided that infectious diseases shall be reported to the Board of Health, which is given permission to destroy or disinfect garments whenever necessary. In Pennsylvania, however, the inspectors themselves are given the most radical powers of destruction over all garments made in violation of the law.

The sanitary provisions relate to the allowance of air space, the separation from living and sleeping rooms, light, ventilation, and cleanliness, and the provision of separate outside entrances.

Massachusetts, Missouri and New York require that goods found manufactured in violation of the law shall be labeled "tenement made." In Massachusetts whoever sells or offers for sale such goods must affix this label, while in New York the factory inspector himself affixes the label. This tag is a valuable assistance in enforcing the law wherever it is rigidly followed up by the inspectors, so as to insure against its removal by other than the proper authorities.

The inspection of tenement house work is usually put into the hands of the factory inspectors. Their work is, of course, somewhat lightened by the license and register provisions of the law, but it is, at best, difficult and uncertain, owing to the great number of small and obscure shops

and to the rapidity with which new establishments are started and old ones moved or changed. The inspection forces are seldom sufficiently large, for only frequent visits can insure obedience to the law.

The effects of this legislation have been beneficial wherever it has been enforced, but, with a shifting, irresponsible population and a lack of public sentiment in favor of the law in the very quarters where it is most needed, it takes an almost superhuman vigilance to secure its enforcement. Of the large cities where sweating has gained a foothold, Boston is the only one which may be said to have the system under control, and, as a consequence of this control, a great part of Boston's clothing business is said to have been transferred to New York.

Another class of legislation is that which forbids the use of sweat shop labor in public contracts for the manufacture of clothing. The necessity for regulation of this sort was first keenly realized after the epidemic of typhoid fever among the troops stationed near Chattanooga in 1898, which some persons asserted was contracted from sweat shop clothing manufactured in Philadelphia. A clause is now inserted in all contracts specifying that the manufacture of army clothing may be carried on only in regularly organized factories conforming to the state factory laws.

The chief recommendations for the extension of sweat shop legislation are: (a) that there should be at least a basis of uniformity between the states, (b) that a penalty should be imposed upon the manufacturer in case of viola-

tion of the law by his employees, and (c) that the Federal government should enact legislation, based on inter-state commerce in the articles manufactured. Probably the imposition of a penalty on the manufacturer would be the most effective improvement which is feasible at the present time.

4. *Present Status:* One of the most difficult points to determine is the exact extent of the evil, for sweating is not coincident with any particular industry. Nevertheless, some rough idea of the problem may be obtained from the following table, derived from the Twelfth Census, and covering only the most important industries in which the sweating system is known to exist to a greater or less extent:

Industries	Average number of employees	Proportion of women	Proportion of children	Ratio of capital to value of product	Proportion of total wage-earners in 165 principal cities
Men's clothing	191,043	47.04	2.05	41.67	90.0
Women's clothing, factory product	88,789	67.91	.91	30.89	91.7
Men's furnishing goods	30,216	83.67	2.06	45.98	83.7
Shirts	38,492	80.73	2.11	41.43	67.1
Cigars and cigarettes	103,462	36.50	3.41	42.25	67.1
All industries in U. S.	5,308,406	19.39	3.17	75.49	62.5 [1]

[1] Of 49 selected industries.

These industries are characterized by the large proportion of female labor, the small ratio of capital to the value of the product, and the concentration in cities. The apparently small proportion of children in such industries as the manufacture of women's clothing is surprising, and there is reason to doubt the accuracy of the figures. It is probably accounted for by the fact that these statistics are compiled from returns made by the manufacturers themselves, and by the further fact that many small establishments escape census enumeration.

As the sweating system is confined to the cities it is interesting to compare, for the two principal sweated industries, the percentage of the total industry, by value of product, which is carried on in the six largest cities in the United States. This is done in the following table:

	Men's clothing, per cent. of Product manufactured in	Women's clothing, factory product, per cent. of Product manufactured in	Both, per cent. of Product manufactured in
New York. . .	30.2	64.4	39.7
Chicago	12.7	5.8	10.8
Philadelphia .	5.9	5.9	5.9
St. Louis . . .	2.1	1.9	2.0
Boston.	3.6	2.0	3.2
Baltimore. .	4.9	1.6	4.0
Total. . . .	59.4	81.6	65.6

In New York City there is manufactured nearly one-third of all the men's clothing, and nearly two-thirds of all the factory product women's clothing in the United

States. The first three cities are important in the clothing industry in the order of their population, but St. Louis falls behind Cincinnati and Rochester, as well as Baltimore and Boston. Other important cities are Syracuse, Detroit, Milwaukee and San Francisco.

It was estimated by the Committee on Manufactures, which investigated the sweating system in 1893, that probably one-half of the clothing manufactured at that time was made in factories by the employees of a contractor, and the other half was divided between home work and subcontract in small shops, with perhaps five per cent. of country work. Since that time the country work has increased considerably, and the factory work has also shown a strong tendency to increase in relative importance, but at the same time, the clothing business has grown so rapidly, having increased 65 per cent. in New York City between 1890 and 1900, that the sweat shops must also have multiplied. Mr. J. B. Reynolds, of the University Settlement Society, testified before the Industrial Commission that he believed four-fifths of the clothing trade of New York to be done in sweat shops, the other fifth being done by custom tailors and factories. In other cities the sweat shop is probably somewhat less prevalent, in proportion to the size of the city.

From the application of the present New York law, which applies only to rooms or apartments in tenement houses, in September, 1899, up to September, 1901, 46,985 applications for licenses were received, of which 79.6 per cent. were granted, and at the latter date there

were 28,787 licensed places in the state of New York and 20,046 in New York City. One-third of all the licenses held in the city were in the lower East Side, the most crowded district of Greater New York. The total number of persons authorized to work in the licensed places was 72,636, and of these 50,381 were in New York City. About one-third reported that they were to work on custom-made garments.

In Chicago it is said that practically all the clothing is made in sweat shops or home shops and, from 1894 to 1899, the manufacture of garments, cigars and cigarettes in that city increased 57 per cent. in the number of employees. The Illinois factory inspector estimated in 1899 that there were 60,000 people in Chicago engaged in the three sweated industries, the garment trades, the manufacture of cigars and cigarettes and the bakeries. The Pennsylvania factory inspector reported, in 1902, 8,122 persons as subject to the sweat shop law, probably nearly all in Philadelphia, while Baltimore had, at the beginning of 1903, 1,309 licensed places in tenement houses or dwellings with 11,849 persons employed.

It was found in Boston in 1890 that nearly 89 per cent. of the annual product of the clothing industry was made, wholly or in part, under the contract system, which applied to practically all the work except the cutting and trimming. Only 47.88 per cent. of this work, however, was done in Boston, 16.72 per cent. of it being done in New York City and the rest in other parts of Massachusetts, Maine, New Hampshire and even New Jersey. The

tenement work in Boston is principally confined to the finishing process. Conditions are far better there than elsewhere, but it cannot be said that the sweating system has been abolished.

A good deal of the Cincinnati and Cleveland work is done in the surrounding suburbs. In Detroit, during the year 1902, the special inspector visited 528 places employing 1,002 persons in tenement work shops, and issued 520 permits. In Milwaukee there were granted, between the fall of 1901 and July 1, 1902, 300 licenses, and in 280 of these places there were 1,637 employees. In Indianapolis in 1902 there were 151 permits outstanding for the manufacture of clothing in the homes of the workers, and there were employed in these homes 168 people.

5. *Social Aspects:* Having determined as accurately as possible the extent of the sweating system, it is necessary to consider the social aspects of the problem, the location and sanitation of the shops and the danger to the health of the workers and of the public. The statistical information to be obtained on these points is necessarily of a very scattering kind.

In New York state in 1901, 5,300 of the licensed places were in shops and 23,487 were in dwellings. Though the shops were less than one-fifth of the whole number of licensed places they contained 45.4 per cent. of the employees. The great majority, 82.6 per cent., of the home workers were women. In Chicago in the same year 5,313 places occupied by garment workers were inspected and in 359 cases the work was being carried on in living

rooms. In Baltimore there were found to be 871 shops in front rooms, 887 in back rooms, 87 in middle rooms and 3 in rear rooms. Of these 539 were on the first floor, 611 on the second floor, 436 on the third floor, 64 on the fourth floor, 11 on the fifth floor, 2 on the sixth floor and 75 in the basement. The Wisconsin inspectors found in Milwaukee that, of the 280 buildings occupied, 81 per cent. were dwellings, 12 per cent. regular factories, and 7 per cent. used also for other business purposes. There were 27 shops in basements, 205 on the first floor, 45 on the second floor and 3 on the third floor.

The workrooms are usually small, low, unventilated and dark, and are often located at the top of a house under a low, sloping roof. Sometimes they are over stables and even more often are located on alleys and in rear tenements. The habit which prevails among most of these people, especially among the Russian Jews, of keeping all windows and doors tightly closed, makes ventilation practically unknown, and the rooms are greatly overheated in summer by the constant presence of the presser's stove. The shops in middle rooms are universally badly lighted and ventilated, as are, obviously, the basement shops.

As regards cleanliness, in Baltimore, of the 1,831 rooms inspected, 1,026 were found to be clean, 260 to be dirty, and 545 to be fair. There is abundant testimony to the frequent filthiness of the rooms used as sweat shops. The 1893 Pennsylvania report speaks of one place "on the third floor of a dwelling house. The family consisted of a man, wife and five children who worked, cooked, ate and

slept in two small rooms. The people looked as though they had not washed themselves for a year. The boys' coats that they were making were piled upon a dirty bed. The dirt could absolutely have been shoveled out of the rooms. Potato parings, garbage and filth of all kinds were strewn about the floor, and the odor that prevailed was so foul that one of the agents was made sick."[1]

The bad sanitary condition of the houses, the dirt and filth of every description and the close crowding of the rooms with an over-worked, poverty stricken population fully accounts for the prevalence among these people of consumption and other diseases. As Mr. John Graham Brooks stated before the Industrial Commission: "The testimony of physicians that have examined them is that, given a sweat shop that is uninspected, where the members work in the boom season up to the limits of endurance, using foot power for the machine, that it is rare to find, after four or five years, any healthful person there."[2]

Although it is exceedingly difficult to trace disease to clothing manufactured under the sweating system, owing to the number of hands through which each garment passes before it is completed, there have been some cases in which this has been done. Vermin are often discovered in sweat shop goods, and wherever they are carried disease germs may also be carried. "There is no other material that so invites use and deposit during manufacture as to involve to so great an extent as does cloth contact with the

[1] *Twenty-first Annual Report of the (Pennsylvania) Bureau of Industrial Statistics*, B, pp. 4-5.

[2] *Industrial Commission*, XIV, p. 180.

persons of the unclean and sick of the family, not merely during the day, but even as a rest for exhausted sleepers. There is probably no material which, once having harbored disease germs or filth, is so favorable to their preservation or propagation as is cloth, especially when made of wool; and, lastly, it would be hard to imagine any material, or use to which it could be put, that would be so repulsive to civilized instincts and so dangerous to life and health as clothing, steeped in contagion, to be worn on the person."[1]

It is, moreover, an erroneous idea to suppose that sweat shop clothing is necessarily poor in quality. On the contrary, overalls and workingmen's garments are usually manufactured in large factories under good conditions, while some of the worst conditions are found in the custom trade and in the manufacture of beautiful and expensive garments. It was again and again stated before the Industrial Commission that no man in buying a custom made suit of the best and most fashionable tailor could have any assurance that it was not made in a sweat shop. The same thing may be said of all classes of women's ready made clothing.

A few instances of the danger to the public from the sweating system may be cited. During the smallpox epidemic in Chicago in 1894 "two hundred and seventy-three different tenement houses were reported by the factory inspectors to be infected, and the health officials had only a small number of these on their list." In Baltimore

[1] *Committee Report*, H. R., 52-2, V. I, No. 2309, p. xxii.

one case was discovered in which two children lay ill with diphtheria in a room next to that occupied by workers, who were making up cloaks of costly design and fabric. In Chicago a tailor was found working upon an evening coat of the finest quality, while five feet away from his table his son lay dying of typhoid fever, and another tailor was found working on a good summer overcoat in the same room in which there was a patient dying of smallpox. In the latter case the coat was marked with the name of a custom tailor in Helena, Montana. A journeyman tailor testified before the Industrial Commission that while he was working at home his children had scarlatina, whooping cough and measles, and that during this time he made a garment for the superintendent of the county schools.

6. *Conditions of Labor:* Even worse than the sanitary evils, if such a thing were possible, are the labor conditions that prevail under the sweating system, the long hours, low wages and irregular work.

In Boston the average day is about ten hours, while the investigation in Milwaukee disclosed only 5.72 per cent. of the establishments and 1.65 per cent. of the employees working over ten hours. In New York City, however, the secretary of one of the unions was able to point out, from among one hundred and twenty-five persons, sixteen who were working twelve hours, eight who were working fourteen hours, six who were working eighteen hours and four, men who had come over to this country alone and were anxious to send for their families, who were working

twenty hours a day. A journeyman tailor of Chicago testified before the Industrial Commission that he knew many men who worked, during the busy season, six days and three nights in the same week, and that he had repeatedly seen men work thirty-six hours without any interruption or sleep or hardly any time to take their meals. Moreover, these long hours are much more exhausting now than they were twenty years ago owing to the increased speed and exertion.

Wages vary enormously, frequently with no apparent reason but the greater or less need of the workers and their greater or less ability as bargainers. In one case five different prices for precisely the same work were found in one tenement. Moreover, wages are about 25 per cent. lower in the home shops than in the contractors' shops.

The customary rate of wages for piece work in New York is shown in the following table, which was furnished the Industrial Commission by Mr. Henry White, former secretary of the United Garment Workers:

	$10 suit	$15 suit	$20 suit
Cutting and trimming .	0.15	0.21	0.25
Making coat.	.75	1.00	1.50
Making pants	.30	.40	.55
Making vest.	.25	.35	.50
Total.	$1.45	$1.96	$2.80

In the Special Census Report on Employees and Wages

statistics are given of wage rates and earnings in the clothing trade, based for the men on about one thousand and for the women on about two thousand cases. The following table shows the median weekly wage rate, or that of the middle person in a series arranged in order of wages received, in 1890 and 1900, of males 16 years of age and over and of females 16 years of age and over:

	Males, 16 and over		Females, 16 and over			
	Rates per week		Rates per week		Earnings per week	
	1900	1890	1900	1890	1900	1890
Basters	. .	. . .	$5.00	$5.00	. . .	. . .
Bushelers	$10.00	$10.00	. . .	. . .	. . .	. . .
Cutters	17.00	18.00	. . .	. . .	. . .	. . .
Finishers	. . .	. . .	4.50	4.00	$5.50	$5.00
Foremen	25.00	24.00	. . .	. . .	. . .	. . .
General hands, helpers and laborers	5.50	7.00	. . .	. . .	. . .	. . .
Seamers	. . .	. . .	5.50	5.50	. . .	. . .
Sewing machine operators	7.00	8.00	4.00	4.00	5.50	5.00
All others occupations	11.00	11.00	6.00	6.00	6.50	6.00
All occupations	10.00	11.50	4.00	4.50	5.50	5.00

Among the males the general average rate is brought up considerably by the cutters and foremen, but during the decade there was evidently a decided decrease for "all occupations," accounted for chiefly by the decrease in the wages of the "general hands, helpers, and laborers."

Owing to the prevalence of piecework among the women and to the impossibility of ascertaining precisely the actual time worked by each, the earnings as well as the rates are given. It is found that the wage rates of females 16 years of age and over in all the various occupations have decreased slightly, while the earnings have increased. These are, however, typical figures for the trade rather than sweat shop statistics, which run below the trade average. In New York City, for instance, a woman was found "who earned $70 by twenty weeks' work, which was the entire income for the support of herself, mother, aged 57 years, and sister, aged 32 years."[1]

Work is more irregular, however, in the clothing trade than in almost any other occupation. Months of feverish activity are supplemented by periodic unemployment, due to the seasonal character of the work. The rush periods begin in the spring about the middle of February and in the fall about the middle of August, and each period lasts from three to four months, with the uncertainty of work increasing in inverse ratio to the size of the shop. This irregularity discourages thrift, tends to promote bad habits, increases pauperism and is extremely injurious to the morals of employees. It is not uncommon to find in the clothing trade able bodied, skilled workmen who live part of the year on their earnings and part of the year on charity. Such a condition of things produces the deadliest possible competition in the trade. Few of these peo-

[1] *Twentieth Annual Report of the (New York) Bureau of Labor Statistics*, p. 68.

ple, however, are capable of making a whole garment, and even fewer are capable of engaging in any other occupation.

7. *Sweating and Its Remedies:* The evils of the sweating system can hardly be exaggerated. It is an undoubted breeder of squalor, want, intemperance, moral depravity, pauperism, crime, disease and death. That it has not, and does not now, result in far worse social conditions than can be charged against it, is not due to the system, but simply to the ambition, the tenacity, and the hardy perseverance of the immigrants who have served their apprenticeship to American citizenship in the sweat shops of our large cities. It is due to the fact, for instance, that "the Jewish sweaters' victims are probably more temperate, hard-working, and avaricious than any equally large body of wage-earners in America. Drunkenness is unknown among them. So great is their eagerness to improve the social condition of their children, that they willingly suffer the utmost privation of clothing, food, and lodging, for the sake of keeping their boys in school."[1]

It is a curious fact that the very stream of immigration which has made the system possible has, in a way, mitigated its evils, for with each new wave of immigration the older arrivals, if they have not already escaped by their own exertions, have been driven forcibly out of the industry. Thus the racial deterioration, which is the greatest

[1] Kelley, "The Sweating System," *Hull-House Maps and Papers*, p. 41.

danger to be dreaded from the system, has been, at least in part, prevented.

There are, moreover, at the present time, several healthy tendencies developing themselves in the clothing industry. In the first place, there is the legislation which has been enacted within the last fifteen years. Second, is the tendency towards the large factory system, previously noticed as a recent development of the industry in New York. In that city in 1903, 70 per cent. of the coats were made in factories. Though in these factories the workers are pushed to the greatest possible exertion, the machines are run by mechanical power, the hours are absolutely regular, nine and a half a day, and the sanitation, light and ventilation are comparatively good. Each coat passes through thirty hands and comes out fourteen minutes quicker and four cents cheaper than from the task shop. Wages, however, are, for the majority of workers, lower, and the speed constantly increases. The contest between the sweating system and the factory system is one of the most interesting economic phases of this subject.

Trade unionism, although more hampered in the garment trades than in almost any other field of activity, owing to the lack of intelligence of the workers, the extreme pressure of daily needs, the isolation in homes and small shops, and the lack of knowledge of the language and customs of this country, has recently acquired a foothold, aided by the growth of the factory system. Its first and constant task is necessarily an educational one, but on several occasions strikes, begun in the busy

season, have been eminently successful. Another method employed has been the use of the label, granted only to those firms which employ union labor under conditions approved by the organization. This label is growing in popularity, especially among trade unionists and their sympathizers, and is said to have accomplished good results.

The backbone of the general public sentiment in opposition to the sweating system is found in the Consumers' League, a national organization which aims to secure improved conditions both in the manufacture and in the sale of all articles of wearing apparel. The method employed is a sort of inverted boycott placed upon goods which are not made and sold under the approved conditions. There is a "White List" of mercantile establishments which give fair treatment to their employees, and a "Consumers' League Label" which is placed upon goods manufactured in places meeting the four general requirements, (a) obedience to the factory laws, (b) all goods made upon the premises, (c) no overtime worked, and (d) no children under sixteen employed.

REFERENCES: The best authority upon the subject of the sweating system as it now exists is the special report by Professor John R. Commons on "Foreign-Born Labor in the Clothing Trades," in the *Industrial Commission Report*, Vol. XV, pp. 316-384. The *Final Report of the Industrial Commission*, Vol. XIX, pp. 740-746, sums up the situation. Conditions in 1893 are described in the special report on "The Sweating System" made by the Committee on Manufactures of the House of Representatives, and found in *House Reports, 52nd Congress, 2nd session*, v. I, No. 2309 (es. pp. iv-viii). State Bureaus of Labor and Industrial Statistics have also made several special reports on the sweating system, the most valuable of which are contained in the *Tenth Wisconsin Report*, pp. 177-314, the *Eleventh Maryland Report*, pp. 55-137, the *Twenty-first Pennsylvania Report*, B. pp. 1-9, and the

Twentieth Annual Report of the (New York) Bureau of Labor Statistics, "Wages in the Clothing Trades," pp. 1-28, and "Earnings in Home Industries," pp. 37-281. Other sources of information are the *Seventh* and *Ninth Annual Reports of the Illinois Factory Inspectors*, and the *Sixteenth Annual Report on Factory Inspection, New York*, pp. 118-131.

SUPPLEMENTARY READINGS:

1. Characteristics and Causes of the System:
   (*a*) Schloss, *Methods of Industrial Remuneration* (3rd ed.), pp. 205-226.
   (*b*) White, "The Sweating System," *Bulletin of the (United States) Department of Labor*, No. 4, pp. 360-379.
   (*c*) Lee, "The Sweating System," *Journal of Social Science*, No. 30, pp. 105-137; *id.*, *House Reports, 52nd Congress, 2nd session*, v. I, No. 2309, pp. 242-261.
2. Conditions in Certain Cities:
   London:
   (*a*) Potter, "The Tailoring Trade," Booth, *Life and Labor of the People*, Vol. IV, pp. 37-68.
   (*b*) Booth, "The Sweating System," *Life and Labor of the People*, Vol. IV, pp. 328-347.
   New York:
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   (*a*) Kelley, "The Sweating System," *Hull-House Maps and Papers*, pp. 27-45.
   (*b*) Auten, "Some Phases of the Sweating System in the Garment Trades of Chicago," *American Journal of Sociology*, Vol. 6, pp. 602-645.
3. Remedies:
   (*a*) Webb, "How to Do Away With the Sweating System," *Problems of Modern Industry*, pp. 139-155.
   (*b*) Schwiedland, "The Sweat Shop and Its Remedies," *International Quarterly*, Vol. 7, pp. 408-430.

CHAPTER V

POVERTY, EARNINGS AND UNEMPLOYMENT

It is obviously impossible to describe here in detail all the evils which beset the laboring population. Fortunately, for our purposes, however, most of the evils inherent in the existing industrial system express themselves finally in terms of poverty, unemployment and inadequate or irregular earnings. In the present chapter a brief treatment of these topics is given, in order to complete by a few bold strokes the description of the evils which create the labor problem.

1. *Poverty:* In dealing with this subject we are not so much concerned with the horrors and startling incidents of poverty, as we are with its extent and causes. Our most trustworthy and satisfactory information upon these points comes from England; and the most important of the English investigations is undoubtedly that conducted by Mr. Charles Booth, into the conditions of the laboring people of London, which, beginning in 1886, required for its completion and presentation, as Mr. Booth quaintly remarks, "seventeen years and an equal number of volumes."[1] The most important single result of this

[1] Charles Booth, *Life and Labor of the People in London*, (1892-1902), Final Volume, p. 200.

monumental study—the estimate of the extent of poverty—is given in the following tabular statement. For the benefit of those to whom Mr. Booth's work is not accessible, it should be said that Class A represents the occasional laborers, loafers and semi-criminals; Class B, the very poor—"casual labor, hand-to-mouth existence, chronic want;" Classes C and D, those whose earnings are small because of irregular employment or low wages; Classes E and F, the regularly employed and fairly paid working classes; Classes G and H, the middle class and all above:

A (lowest)	37,610	or	0.9 per cent.	In poverty, 30.7 per cent.
B (very poor)	316,834	"	7.5 " "	
C and D (poor) . . .	938,293	"	22.3 " "	
E and F (working class, comfortable)	2,166,503	"	51.5 " "	In comfort, 69.3 per cent.
G and H (middle class and above) . .	749,980	"	17.8 " "	
	4,209,170			
Inmates of institutions,	99,830			
Estimated population (1889) . .	4,309,000[1]			

The extent of poverty revealed by these figures is so large, and the whole investigation so important, that it would be desirable, if space permitted, to describe here in detail the methods employed in Mr. Booth's investigation. This much may be said: Mr. Booth's results rest partly upon a house to house examination of the families of East London, and partly upon expert estimates. Moderate

[1] *In op. cit.*, Vol. II, p. 21.

families having from 18 to 21s. a week were regarded as "poor," those having less than this income were listed as "very poor." Mr. Booth's figures have been accepted by socialists, ultra-conservatives, royal commissioners and economists in general as substantially correct, and certainly no large social study was ever conducted by a private individual—so far as can be judged from the outside—with more painstaking regard for accuracy and impartiality. In the light of Mr. Rowntree's more intensive study of York, described below, it would appear that Mr. Booth's figures understate rather than overstate the poverty existing in London in 1889. On the other hand, these two counter-considerations should be borne in mind. First, Mr. Booth's "poor" include alike the worthy and unworthy, those who are poor because of thriftlessness and drunkenness, as well as those who suffer from low wages and pure misfortune. Second, it should be remembered that although Mr. Booth is conscious of no bias in his investigations, and firmly believes in their substantial accuracy, he nevertheless chose, in cases of doubt, to overstate rather than to understate the extent of poverty; "preferring to paint things too dark rather than too bright," he tells us, "not because I myself take a gloomy view, but to avoid the chance of understating the evils with which society has to deal."[1]

In 1899 Mr. B. Seebohm Rowntree made an investiga-

[1] *In op cit.*, Vol. I, p. 5. For a description of the methods of the investigation see Vol. I. pp. 1-27, and Vol. II, 1-24. Reasons for the statement that Mr. Booth's minimum income is too low and the extent of poverty understated rather than overstated may be found in Rowntree's *Poverty*, 3rd ed., pp. 86-118.

tion of poverty in York,[1] which furnishes at once an invaluable supplement and an instructive contrast to Mr. Booth's study. Instead of overstating the evil in cases of doubt, Mr. Rowntree seems consistently to have understated it. Instead of merging the "necessary" and "unnecessary" poverty, Mr. Rowntree made a scientific attempt to distinguish the two. And instead of a heterogeneous metropolis in which the extremes of want and luxury flourish side by side, he selected for study a homogeneous, typical English town of 75,812 people. Practically every wage-earning family in York was separately visited and examined; 11,560 families, containing two-thirds of the total population. The other families—the families keeping servants—were assumed to be above the poverty line.

In order to appreciate Mr. Rowntree's results it is necessary to understand the distinction which he draws between primary and secondary poverty. Families were said to be in primary poverty when their total earnings were "insufficient to obtain the minimum necessaries for the maintenance of merely physical efficiency." Families were said to be in secondary poverty when their "total earnings would be sufficient for the maintenance of merely physical efficiency were it not that some portion of it is absorbed by other expenditure, either useful or wasteful."[2] Mr. Rowntree's estimate of the minimum income required to maintain physical efficiency was most

[1] *Poverty: A Study of Town Life*, 3rd ed., 1902.
[2] *Ibid.*, pp. 86-87.

carefully made from a study of dietaries, retail prices, etc., and it may be said in passing that the dietary or food standard which he used is less generous than that required to be given in the poor-houses of Great Britain. Minimum incomes were computed for families of all sizes, that for a man, wife and three children being 21s. 8d. a week, say $5.25.[1] The result of the entire investigation is, in brief, as follows: According to the opinion of the agent who made the house to house canvass, 43.4 per cent. of the wage-earning population or 27.84 per cent. of the total population of York, were living in poverty.[2] This proportion includes both those in primary and secondary poverty. In accordance with the actual measurements of earnings and necessary minimum expenditures, 15.46 per cent. of the wage-earning class or 9.91 per cent. of the whole population were living in primary poverty *as above defined.*

What primary poverty or the minimum income shall include is largely a matter of definition. The average reader of Mr. Rowntree's work, I believe, will inevitably conclude that in order to be safe he has cut his estimate entirely too low. "For," he tells us, "let us clearly understand what 'merely physical efficiency' means. A family living upon the scale allowed for in this estimate

[1] For this unique calculation see *op. cit.*, p. 110.

[2] The results of the investigations of Mr. Booth and Mr. Rowntree have been frequently misapplied, and their statistics should be interpreted in close connection with their methods and definitions of terms. Their results have been generally accepted as substantially correct, though they are criticised by Mrs. Bosanquet in *The Contemporary Review* for January, 1904. Mrs. Bosanquet's remarks after they have passed from explanation to criticism are wholly unconvincing.

must never spend a penny on railway fare or omnibus. They must never go into the country unless they walk. They must never purchase a half-penny newspaper or spend a penny to buy a ticket for a popular concert. They must write no letters to absent children, for they cannot afford to pay the postage. They must never contribute anything to their church or chapel, or give any help to a neighbor which costs them money. They cannot save, nor can they join sick club or trade union, because they cannot pay the necessary subscriptions. The children must have no pocket money for dolls, marbles or sweets. The father must smoke no tobacco, and must drink no beer. The mother must never buy any pretty clothes for herself or for her children * * * . Should a child fall ill, it must be attended by the parish doctor; should it die, it must be buried by the parish. Finally, the wage-earner must never be absent from his work for a single day. If any of these conditions are broken, the extra expenditure is met, *and can only be met,* by limiting the diet; or, in other words, by sacrificing physical efficiency."

There are actually hundreds of items not comprehended in Mr. Rowntree's minimum which a family must have in order to live in a condition of decency. If we assume that the average family must have, "to escape practical poverty," at least six shillings per week above the necessary minimum as defined by Mr. Rowntree, then 33.63 per cent. of the wage-earning classes, or 21.5 per cent. of the total population of York, were in actual poverty. This

is the result of an actual application to the wage-earning families of York, of a minimum requirement of 27s. 8d., say $6.75 a week, for a family of five, any variation in the actual size of the families having been duly taken into account. If this estimate of $6.75 errs at all, it errs on the side of safety, that is to say, it is insufficient to procure the real necessities of life.

The conclusions reached concerning the immediate causes of primary poverty are equally significant. Of all the cases of primary poverty, 51.96 per cent. were due to low wages, though the work was regular; 22.16 per cent. to the largeness of the family; 15.63 per cent. to the death or desertion of the chief wage-earner; 5.11 per cent. to the illness or old age of the chief wage-earner; 2.31 per cent. to unemployment; and 2.83 per cent. to irregularity in employment.

Mr. Booth, it may be added, reached very similar conclusions in the 4,076 cases of poverty which he investigated from the standpoint of cause. Of these, 62.5 per cent. were due to "questions of employment," *i.e.*, low pay, lack of work and irregular work; 22.5 per cent. to "questions of circumstance," *i. e.*, sickness or large families; and 15.0 per cent. to "questions of habit," *i. e.*, idleness, thriftlessness and drunkenness.[1] The slight discrepancies in the results of Mr. Booth and Mr. Rowntree probably arise from the fact that the latter analyzed cases of primary poverty only, while Mr. Booth included cases of both primary and secondary poverty.

[1] Booth, *Life and Labor*, Vol. I, p. 147

In his investigations Mr. Rowntree found that the families in the lowest depths of poverty had a very small proportion of children and a very large proportion of old people. The greatest misery is thus primarily due to old age, illness and the death of the chief wage-earner. In the next higher group, a larger class consisting chiefly of unskilled laborers, the proportion of children was excessively high, and the earnings excessively low. Poverty here was primarily due to large families and small earnings. These two groups contain practically all of the "primary" poor. Their composition throws the most interesting light upon the nature of poverty: Poverty is not a medium permanently inhabited by a fixed section of the population, but a condition into which most day laborers relapse at certain well defined periods of their lives. "The life of a laborer," says Mr. Rowntree, "is marked by five alternating periods of want and comparative plenty." (a) The average child of the laborer is born into a condition of poverty, or reaches that condition in the first few years of his life. There he remains until he or his brothers are able to assist their father in supporting the family. (b) Then begins the golden age. From fifteen to thirty, from the time he enters the factory until a couple of years after his marriage, the laborer's lot is an easy one. (c) Then as his own children begin to arrive he sinks again, and for a period of about ten years—say from his thirtieth to his fortieth year—he struggles on in poverty, weighted down by a large family too young to assist him, and deprived for long periods of the assistance

of his wife. (d) In time, however, his own children begin to help, and then ensues another period of comparative opulence, lasting, say, from the laborer's fortieth year until he is too old to work, and his children have families of their own to support. (e) After this, the penury of old age.

About the extent of poverty in the United States we have practically no trustworthy information. The census of 1890 showed 73,045 inmates of almshouses and 58,866 insane paupers, 131,911 in all. But this takes no account of the recipients of out-door relief, to say nothing of the poor who are not paupers, and Prof. Ely estimated the paupers in 1890 at 3,000,000. The only estimate we have at all approaching the results of Booth and Rowntree is the statement of the Department of Labor in 1894, that the population of the "slum" districts of the sixteen largest cities of the country constituted "at the least calculation" 10 per cent. of the total population of those cities.[1] But there is a large number of well-to-do people in the slum districts, and many poor outside of them, so that the significance of the above estimate is doubtful.

Our statistics of the immediate causes of poverty are more satisfactory, that is to say, they are as trustworthy as the European statistics. Such figures can never reveal the fundamental or original causes of poverty, and they must be used with the greatest caution. The American figures which, on the whole, seem most trustworthy are

[1] *Seventh Special Report of the Commissioner of Labor*, "The Slums of Great Cities," p. 11.

those collected by the charity societies of Baltimore, New Haven, New York and Boston, and tabulated uniformly by Mr. Warner.[1] Of the 7,225 cases of poverty investigated, 72 per cent. resulted from causes indicating misfortune, 25 per cent. from causes indicating misconduct, and 3 per cent. from unclassified causes. More specifically, drink accounted for 15.3 per cent., shiftlessness and inefficiency for 7.51 per cent., lack of employment for 23.16 per cent., insufficient employment for 6.51 per cent., sickness or death for 22.27 per cent. and old age for 4.00 per cent. These figures relate to people who receive poor relief,—to paupers as distinguished from the "poor" of Mr. Rowntree's and Mr. Booth's investigation. Taking this fact into account they are quite in harmony with the conclusions of Mr. Booth and Mr. Rowntree respecting the causes of poverty.

We may now summarize our conclusions respecting poverty. (a) About the United States the most we can say is that poverty is probably considerably less extensive than in England. This statement is based upon the facts that wages are considerably higher in the United States than in England, while the cost of living is not appreciably dearer. (b) In urban England, probably 30 per cent. of the population live in poverty, and this 30 per cent. may be divided into a group of about 9 per cent. whose income is insufficient largely because it is improp-

[1] A. G. Warner, *American Charities*, Table VIII. Arguments should not be based upon these figures without a thorough reading of Mr. Warner's admirable statement of the use and limitations of such statistics, pp. 84-87. Later figures may be found conveniently in the *Final Report of the Industrial Commission*, p. 747.

erly expended, and another group of about 21 per cent. who do not earn enough to buy the necessaries of life. (c) Combining the various studies of the causes of poverty, we conclude that for our purposes the poor may be profitably regarded in three groups: (α) The lowest group, containing the smallest number, consists largely of the actual paupers, whose misery is primarily caused by old age, sickness, death and drink.[1] (β) The second group contains the largest number, and poverty here is primarily due to inadequate earnings. This inadequacy may result from low but regular wages, fair but irregular wages, unemployment or excessive families. Rowntree emphasizes the first and last causes, Booth the irregularity of employment. (γ) The third group contains the large number of workmen who earn adequate wages, but waste them in drink, licentious living, or other forms of unnecessary expenditure.

One word, as Mr. Warner says, sums up all the causes of poverty, "incapacity"—incapacity to work regularly, incapacity to adapt oneself to new conditions, incapacity to restrain the passions. This point is briefly mentioned to guard the reader against the conclusion that because "questions of employment" are primarily responsible for most of the poverty, therefore our industrial system is wholly responsible for the existence of poverty. As a matter of fact, the question of ultimate responsibility is

[1] In 1892 in England, from 2.5 per cent. to 4.5 per cent. of the entire population received poor-relief, 26 per cent. of the population over 65 years of age received poor-relief, and 11.9 per cent. of *all* the deaths occurred in almshouses, and public hospitals and asylums.

as yet insoluble. The great majority of investigators who have dealt with poverty at first hand agree, that in ordinary times, low wages, irregularity of employment and lack of employment are due in the first instance to the inefficiency and unreliability of the very people who suffer. "If one wanted thoroughly efficient help, male or female, he would hardly expect to find it among the 'out-of-works' with whom the charitable societies deal. Back of the cause 'lack of work' ordinarily and in ordinary times, will be found some perversion of character, or some limitation of capacity."[1]

On the other hand, it can not be too thoroughly impressed, that this does not throw the whole responsibility upon the poor themselves. *Who or what is responsible for this incapacity?* "We ask some man who seems to have fallen by the way why he is thus overthrown, why he is lazy or drunken, why he knows no trade, why he is content to work irregularly or for a pittance wage? why his home is poor, and his wife and children not cared for? And even though he himself is without excuse, and even though the moral decadence of his own life may seem to be the chief explanation of the poor part he plays, we think for him and can not but consider: what of his childhood, of his early home, of his education, of his chances of learning thoroughly some well-chosen trade? And what, too, of the care shown him in the years of his youth and early manhood?"[2] No authority however great can nicely bal-

[1] Warner, *American Charities*, p. 39.
[2] Booth, *Life and Labor*, Vol. IX, p. 383.

ance the many considerations and say whether society or the pauper himself is responsible for poverty. What we do know is that a sadly large proportion of the population do not earn enough to keep themselves decently. And for some purposes this is enough to know.

2. *Wages and Earnings:* We can not at present trace poverty to its source and decide whether wastefulness and inefficiency are due to poverty, or poverty to wastefulness and inefficiency. But taking the work people as we find them, the statistics of wages make it perfectly apparent that a large section of the population can not earn enough to keep them out of poverty. In his London investigation, for instance, Mr. Booth found that out of 75,076 adult male wage earners, 22.5 per cent. received less than 25s. a week and 23 per cent. from 25s. to 30s. These figures, he tells us, are too high because they "do not sufficiently allow for irregularity of employment," and because "the men included are too favorable a sample of the whole industrial population of London."[1] Mr. Rowntree's statistics of earnings—which make due allowance for unemployment—have, so far as it was possible, been tabulated by Mr. Bowley, and reveal, as we should suspect, a lower level: 45.1 per cent. received less than 25s. a week, 14.7 per cent. between 25 and 30s., and 40.2 per cent. 30s. or more.[2] The general statistics for Great Britain and Ireland are even more significant. Basing his estimate on

[1] *Life and Labor*, Vol. IX, p. 371. These figures were published in 1897.

[2] *Journal of the Royal Statistical Society*, June, 1902, p. 361. These figures pertain to the year 1899.

actual wage returns for 1885, Sir Robert Giffen estimated in 1893 that the actual earnings of adult males were approximately as follows:[1]

Under 10s. a week,	0.2 per cent.
10s. to 15s.	2.5 " "
15s. " 20s.	20.9 " "
20s. " 25s.	35.4 " "
25s. " 30s.	23.6 " "
30s. " 35s.	11.2 " "
35s. " 40s.	4.4 " "
Above 40s.	1.8 " "

The average earnings for men were 24s. 7d. a week, or £64 a year; for women 12s. 8d. a week or £32 10s. a year; for boys 9s. 2d. a week or £23 8s. a year; for girls 7s. a week, or £18 4s. a year. If, as we have given reason for believing, the average English family requires about 27s. a week to secure the necessaries of life, the above figures furnish ample confirmation of the statistics of poverty given by Mr. Booth and Mr. Rowntree. The figures show that the general average for men was less than 25s. a week and that 59 per cent. received less than that amount. Of course the earnings of the men must be supplemented by the earnings of the women and children, in order to arrive at family earnings. Thus, Sir Robert Giffen estimates that if the average annual earnings of men were about

[1] *Fifth and Final Report of the Royal Commission on Labor*, pp. 10-11. These figures take due account of allowances such as free homes, partial payment in kind, etc., and, interpreted as expressing conditions in 1893, may be assumed to allow for unemployment.

£60 a year, the average family income would be £80 a year. But as we have seen, there are periods in the life of the wage-earner where he receives little or no aid from his wife and children, and if 59 per cent. of the *men* receive less than 25s. a week, it is easy to believe that 30 per cent. of the *population* are on the average in poverty.

No general wage census has ever been taken in the United States, but we have more or less satisfactory statistics of the wages of railway and farm labor and of persons employed in the manufacturing industries. In the following table, a detailed statement is presented of the weekly wages of male workmen in our large factory industries, most of them situated in cities of considerable size. The table omits the wages of women, children under sixteen years of age, domestic workers, servants, casual laborers and other classes of the more poorly paid workers, but as a picture of the distribution of wages among the better class of our manufacturing population, and subject to the limitations mentioned in the following footnote, it is in all probability thoroughly trustworthy. According to the figures for 1900, 49.68 per cent. received less than ten dollars a week, 34.12 per cent. between $10 and $15 a week, and 16.20 per cent. $15 or more a week. The median wage was about $10.05 a week in 1900. Multiplying this by the number of weeks in a year, and deducting 10 per cent. for unemployment, we get $480, the average yearly earnings. One half the male popula-

tion engaged in manufactures in 1900 may safely be assumed to have earned less than this amount.[1]

CLASSIFIED WAGES: MANUFACTURING INDUSTRIES

WAGES	1890		1900	
	Number	Per cent.	Number	Per cent.
Under $6 a week. .	69,481	9.2	13,489	7.1
$ 6— 7.99 " . .	97,228	12.8	27,187	14.4
8— 9.99 " . .	133,330	17.6	52,916	28.1
10—11.99 " . .	107,654	14.2	28,331	15.1
12—14.99 " . .	140,214	18.5	35,903	19.1
15—19.99 " . .	136,918	18.1	25,160	13.4
20 and over " . .	73,050	9.6	5,344	2.8
Total	757,875	100.0	188,280	100.0

By combining the wage statistics of agricultural, railway and factory workers, it is possible to make a maximum estimate of the annual earnings of the average American wage-earner which is quite serviceable for many uses; or, to be more precise, we can fix upon a certain sum and say with all reasonable certainty that at least one-half of the wage-earners in these three lines of industry received less than that amount in 1900. In the latter year

[1] The statistics for 1890 are from the *Eleventh Census, Manufacturing Industries*, Pt. II, p. xxix; the statistics for 1900 are tabulated from the detailed tables of the *Special Report of the Twelfth Census on Employees and Wages*. The figures for 1900 represent male wage-earners *16 years of age and over* in 34 important manufacturing industries. The figures for 1890 represent male wage-earners *over 16 years of age* in 50 manufacturing industries situated in 165 of the larger cities. In 1890, unfortunately, about 11 per cent. of the persons investigated were officers, firm members and clerks, and their inclusion makes the 1890 wage level too high, and prevents accurate comparison between the two classified lists.

there were in the United States 1,779,648 male agricultural laborers not belonging to the family of the farmer by whom they were employed; 4,110,527 adult male wage-earners in the manufacturing industries; and 975,803 railway employees who may be regarded as wage-earners. The average annual earnings appear to have been $491 in manufactures, $546 among railway workers, and not more than $250 among agricultural laborers. Weighting each of these averages with the corresponding number of wage-earners, we get a general average of $436. An arithmetic average of wages is usually misleading because a skilled artisan counts for as many as two or three unskilled laborers, in determining such an average. However, it does possess this useful attribute, that it is always greater than the median wage—that half-way point in the ascending wage-series at which there are as many wage-earners below (*i.e.*, receiving less) as above (*i.e.*, receiving more). Taking this fact into account we may conclude with entire safety that at least one-half of the adult male wage-earners of the United States earned less than $436 in the year 1900.[1]

[1] Agricultural wages from *Bulletin No. 26 (Miscellaneous Series) of the United States Department of Agriculture*, p. 14; wages of railway labor from *Statistics of Railways*, 1902, pp. 35-36; wages in manufactures from *Census Reports*, 1900, *Manufacturers*, Pt. I, pp. cxi-cxxv. The weighted arithmetic average of farm wages, monthly without board, was $22.14 in 1902 and $20.23 in 1899, from which the monthly average for 1900 was estimated at $20.87 or $250 a year, *assuming that the farm laborer has constant employment*. The yearly estimate for railway labor was secured by dividing the total yearly expenditure upon labor by the total number of employees, exclusive of officers and office clerks, working on the last day of June. The average wage in manufactures is secured by dividing the total expenditures upon wages by the average number of wage-earners. Census statisticians dis-

With half of the adult male factory workers in the cities earning less than $480 a year, and half of the male wage-earners throughout the United States generally, earning less than $436 a year, there must be a distressingly large proportion of American families who are thrown into poverty periodically, when the children are too young to assist the head of the family or when the head of the family is permanently disabled, sick or out of work. Wages are certainly higher in the United States than in Europe, and there is probably less poverty, but not as much less as there should be, because certain other industrial conditions are worse in the United States than in Europe. Thus it is the general opinion that Americans work themselves out at an earlier age; and it seems certain that the fluctuations of employment are more violent in the United States than in Europe, and industrial accidents much more frequent. In 1902, for instance, 2,969 railway employees were killed and 50,524 injured in the United States. These numbers increase steadily year by year, and the number of injured seems to be increasing, even relatively. Thus in 1892, one employee out of every 322 was killed, and one out of every 29 injured; while in 1902, one out of every 401 was killed and one out of 24 injured. The relative increase may be partly due to the

courage the use of this average, but it is shown to be entirely safe, as used in this calculation, by the careful returns published in the recent census report, *Employees and Wages*. (See p. 157 above). The writer is aware of the statistical dangers attendant upon such calculations as that made in the text, but bases his conclusion upon the fact that with one unimportant exception every error which can affect the above result, would, if corrected, tend to reduce the average wage of $436, meaning by the average wage, the median wage.

better enumeration of injuries, but the ratio ought to be decreasing rapidly. Life is apparently cheap in our estimation.

3. *Unemployment:* The poverty due to unemployment, in the opinion of most investigators, is far more extensive and demoralizing than the poverty found among those who work regularly at low wages, whose misery may be charged primarily to inadequate income. Karl Marx himself never described half so graphically the degrading influence of the army of the unemployed, as does sober, conservative Mr. Booth in his *Life and Labor in London.*

The evils of unemployment are well recognized, but the extent and amount of it are not so well known as they should be. The Massachusetts statistics may safely be taken as indicative of general conditions in normal years. In 1885 a thoroughgoing investigation of unemployment was made in Massachusetts, which included all persons in the state employed in productive industries, and covered the entire year preceding May, 1885. Of the 816,470 breadwinners of the state, 241,589 or 29.59 per cent.[1] had been unemployed at their principal occupations *on an average of 4.11 months* in the annual period covered. The total wage-earning population lost on an average 1.22 months from their principal occupations. Of the 241,589 unemployed at their principal occupations, 10,758 found work at other or secondary occupations. Taking this

[1] The investigation of 1900 showed that 28.2 per cent. had been unemployed during the census year. The detailed statistics for 1900 would probably differ little from those for 1885.

fact into account, the unemployed lost during the year an average of 3.91 months and the general industrial population, 1.16 months. The net result of the investigation was well expressed in the curt statement of the Commissioner of Labor, that "about one-third of the total persons engaged in remunerative labor were unemployed at their principal occupation for about one-third of the working time."[1] At the lowest estimate the whole working population lost on an average 9.7 per cent. of their whole time.

"Unemployment" is such a comprehensive term and may be due to such radically different causes, that it is dangerous to discuss the subject long without further division and classification. The unemployed may conveniently be divided into four classes:[2] (a) Skilled and efficient workmen who are temporarily out of employment owing to bad weather, "shut-downs," and other seasonal "vicissitudes of work in a normal state of trade;" (b) another group of industrious and efficient workmen, deprived of employment by prolonged industrial depression, revolution of fashion, introduction of new machinery, foreign competition, etc., who—although trustworthy and efficient—have no certain prospect of obtaining employment within a definite period; (c) a great mass of casual, unskilled laborers, morally, and too often physically, incapable of sustained work; and (d) the semi-

[1] *Eighteenth Annual Report of the (Massachusetts) Bureau of Labor*, pp. 164-294.

[2] Classification adapted from Drage: *The Unemployed*, Pt. III, ch. 2; and *Fifth and Final Report of the Royal Commission on Labor*, p. 78.

criminal loafers, dependents and delinquents, in short the "unemployable."

Underlying this classification is the tacit question: what proportion of unemployment is primarily due to personal inefficiency or delinquency, and what proportion due to industrial maladjustments over which the wage-earner has no control? We cannot answer this question quantitatively. We only know that in London in 1889 the two lowest classes constituted, according to Booth, 8.4 per cent. of the entire population; and that the industries in which they are intermittently employed, require under their present management an enormous excess of labor over the supply necessary to do the average amount of work. The latter fact is strikingly illustrated by the fluctuation of work at the London docks. In the single month of December, 1891, to take a convenient illustration from Mr. Drage,[1] the number of men employed varied from 17,850, in round figures, on the third day of the month, to 11,850 on the day before Christmas. Taking the entire year, it was estimated that the demands of the busiest days could be met with a supply of 20,000 men; that "good work" or fairly steady employment could be provided for 16,000, and that the number of men competing for the work at that time, exclusive of those who joined the ranks temporarily from other trades, was 22,000. In other words the work apparently could not be done without a surplus of 4,000 men, and there actually was at least a surplus of 6,000 men.

[1] *The Unemployed*, pp. 181-182.

The unemployment and widespread suffering caused by panics and industrial depressions are so thoroughly appreciated and at the same time so difficult to measure statistically, that we may pass over this section of the topic with a single illustration. In the manufacturing industries of Massachusetts the "percentage of unemployment"[1] in the three autumn months is normally less than one per cent. In 1893, the "percentages of unemployment" for September, October and November were, respectively, 22.33, 15.27, and 15.14. In the carpet manufacture in September 1893, 62.65 per cent. of the people dependent upon the industry were idle.

It is the time lost by seasonal stoppages and what may be called the normal maladjustment of industry, that is quite generally unappreciated. In New York, as is shown in the following table, from 5 to 13 per cent. of the trade unionists of the state are out of employment in the busiest season of the year, and the time actually lost, *through unemployment and irregular employment,* varies from 17 to 30 per cent. In the mining industry, owing to storms, accidents, breakage of machinery, etc., the mines are actually closed at least 20 per cent. of the time, and the number of days per year worked by the average miner varies, or did vary in the period 1890-1900, from 171 to 234 in the bituminous mines, and from 150 to 203 in the anthracite mines. In 1901, " a year of more than usual

[1] The "percentage of unemployment" is secured by dividing the greatest number employed during the year into the difference between that number and the average number employed during the month in question.

activity in mining operations," said the Anthracite Coal Commission in their official award, "the average number of days throughout the region on which work was started was approximately 260." This system, or lack of system, entails an enormous social waste, and inculcates habits of idleness which cause, as one would expect, a large amount of unnecessary unemployment. Thus, to take a representative case, the miners in the nineteen collieries of the Delaware, Lackawanna and Western Railroad Company worked in 1901 only 76 per cent. of the time they could have worked. In Massachusetts statistics are secured which show the general period of operation of manufacturing plants. There are in an ordinary year about 306 working days. In normal years about 67 per cent. of the establishments run 300 days or more; about 23 per cent. run from 250 to 300 days; and about 10 per cent. less than 250 days. From this we may gather some idea of the average period during which the factory doors are closed to everybody. Further light upon the fluctuation or irregularity of employment in the manufacturing industries of Massachusetts appears from the fact that in normal years the smallest number employed at any time during the year is usually less than 25 per cent. of the largest number employed during the year. That Massachusetts is no worse in this respect than other states, is borne out by the following self-explanatory table, based upon returns from the labor organizations of New York. It may be stated, that, with respect to unemployment, the third quarter is the best, and the first quarter the worst, part of the year.

UNEMPLOYMENT AMONG THE MEMBERS OF NEW YORK LABOR ORGANIZATIONS

Year	Percentage of Members Idle[1]		Percentage of Working Time Lost in First and Third Quarters[2]
	At End of September	During Entire Third Quarter	
1897	13.8 per cent.	6.5 per cent.	30.8 per cent.
1898	13.1 " "	5.7 " "	24.0 " "
1899	4.7 " "	2.3 " "	18.0 " "
1900	13.3 " "	5.4 " "	20.5 " "
1901	6.9 " "	3.1 " "	17.3 " "
1902	5.7 " "	1.9 " "	13.4 " "
1903	8.9 " "	3.3 " "	

Even in such fat years as 1899, 1900 and 1901, it thus appears, the average trade unionists loses one out of every five or six working days. When we remember that the trade unions include no farm laborers, few women, and practically none of the lower grades of unskilled labor—among whom the proportion of time lost is probably greater than the average—the New York figures seem almost incredible. And in Great Britain, indeed, conditions appear to be much better. There the annual average proportion of trade unionists unemployed was 2.4 per cent. in 1899, 2.9 per cent. in 1900, and 3.8 per cent. in 1901, while at no time between 1887 and 1901, inclusive, was the annual average proportion as high as 9 per cent. The wide disparity between the New York and the British

[1] From *Dept. of Labor Bulletin* (N. Y.) Dec. 1903.

[2] From *Twentieth An. Rep. of the (N. Y.) Bureau of Labor Statistics*, p. 394.

figures probably results in part from a real excess of unemployment in New York, and in part from an understatement of the evil in Great Britain.[1]

In the preceding discussion, nothing was said of the unemployment due to sickness and strikes, largely for the reason that these causes affect all wage-earners alike and do not create distinct classes of the unemployed. They are, however, constant factors of great importance. A definite idea of the unemployment due to these causes may be obtained from the following statistics of the causes of idleness among the members of the labor organizations of New York. The table deserves the most careful study, and furnishes additional evidence of the preponderating influence of the industrial, as distinguished from the social and personal, causes of unemployment.

Percentage Proportion of Idleness				
Due to	At the end of September			
	1903	1902	1901	1900
Lack of work	53.9	56.8	60.5	75.5
Bad weather and lack of materials	4.5	12.6	9.4	0.5
Strike or lockout	29.5	12.5	16.0	13.0
Sickness or disability	5.8	12.4	9.9	4.7
Other reasons	5.8	5.3	8.7	6.3
Not stated	0.5	0.4	0.5	
Total	100.0	100.0	100.0	100.0

[1] Convincing reasons for the belief that the British figures understate the evil may be found in Hobson's *Problem of the Unemployed*, ch. II.

In concluding this discussion of unemployment, opportunity may be taken to emphasize two vitally important truths which are well understood by students of this problem, but which ought to become the common property of every one who exercises through the ballot a share in the determination of public policy. The unemployed at any time fall naturally, as has been said, into two great classes: on the one hand those who are idle because of industrial maladjustment; on the other hand those who are idle because of inefficiency. The first of those fundamental truths to which reference has been made, pertains to the economic worthlessness and contagious degradation of the inefficients,[1] who offer a supply of labor, such as it is, which is permanently in excess of the demand, even in seasons of prosperity. Miserably clothed, housed and fed, as Mr. Booth points out, they are nevertheless not self-supporting; they constitute a burden not only upon the tax-paying public, but upon the charitable poor them-

[1] Mr. John A. Hobson in his *Problems of Poverty* (p. 177) waxes indignant over the charge of inefficiency and asserts that: "To taunt them [the poor] with their incapacity, and to regard it as the cause of poverty, is nothing else than a piece of blind insolence." Along side of this may be placed the discriminative opinion of John Burns, probably the most prominent and active labor leader in the English-speaking world: "In spite of what some advocates of work for the unemployed may say, I contend, as a socialist * * * that until the differentiation of the laborer from the loafer takes place, the unemployed question can never be properly discussed and dealt with. Till the tramp, thief, and ne'er-do-well, however pitiable he may be, is dealt with distinctly from the genuine worker, no permanent benefit will result to any of them. The gentleman who gets up to look for work at midday, and prays that he may not find it, is undeserving of pity." [Quoted in the *Twenty-Fourth Annual Report of the Massachusetts Bureau of Statistics of Labor*, p. 251.] The doctrine that the poor are wholly irresponsible for their condition is about as demoralizing as its antithesis is false and unjust.

selves, and by their intermittent and unregulated competition in the labor market, drag down the next higher class of more regular and more efficient workers. "Humanly speaking, the existence of this class, consisting so largely of the inefficient and the worthless, may be inevitable, but economically their services are not wanted at all. The work of the world could be performed better and more cheaply without them; what they do could be easily done by the classes above in their now partly occupied time, and the money so earned be better spent."[1]

The second of these vitally important truths is found in the fact that the inefficiency of the "superfluous incompetents" is due in part at least to industrial maladjustments which arbitrarily throw out of work the deserving and undeserving, the efficient and inefficient, the skilled and unskilled. "The irregularity immediately resulting from fluctuations in demand, the seasons, and the other causes quoted above, is a sufficiently serious evil in itself, but other results, as serious, if not more so, follow in its track. Casual employment is found almost invariably to involve deterioration in both the physique and character of those engaged in it. Their physical strength is reduced by the alternation of longer or shorter periods of work with intervals of slackness and consequent privation. * * * The hopeless hand-to-mouth kind of existence into which they thus tend to drift is of all things least conducive to thrift; self-reliance is weakened, and habits of idleness, unsteadiness and intemperance formed.

[1] Booth, *Life and Labor in London*, Final Volume, p. 207.

* * * The effects of such casual work are even more marked in the next generation. Apart from inherited tendencies, the children of this class grow up without any training, technical or moral, such as would fit them to enter a trade, or if they entered it, to remain in it. They are forced to join the ranks of unskilled and casual labor, and thus, under the same influences which beset their parents, they not only become incapable of regular work, but cease to desire it, preferring to pick up a precarious living by means of odd jobs and charity.'"[1]

What has been said upon these subjects may be summarized by a brief statement of the results of a detailed study of 152 workingmen's families, recently made by the Massachusetts Bureau of Statistics of Labor.[2] These families were probably somewhat above the average: they were methodical enough to keep accounts, 129 had sewing machines, 21 possessed pianos or organs, 26 enjoyed bathrooms, and their houses had on an average more than one room for each member of the family. The heads of the families earned, on an average, $594 a year. But in 127 out of the 152 cases, the earnings of the head were not sufficient to pay the family expenses; minor children contributed 11.3 per cent. of the aggregate family income; 32 wives worked outside of the family, contributing 5.29 per cent. of the total income; in 47 cases, the total earnings of all combined were not sufficient to meet the expenditures, and recourse was had to savings, charity, or

[1] Drage, *The Unemployed*, pp. 159-161.
[2] *Thirty-Second Annual Report*, pp. 239-314.

other forms of relief. But perhaps the following fact reveals the greatest evil of the American industrial system. The building workers included in this investigation lost on an average 68 working days in this year (1901) of unusually favorable conditions, and the heads of families in general lost 35 working days, or 11 per cent. of the possible working time. Of this number, 7.89 days were lost on account of sickness, 22.41 days on account of slack work, and 5.15 days from other causes. The curse of the American working man is irregular employment.

REFERENCES: An enormous amount of information upon the topics discussed in the text, together with suggestive references and bibliographies, may be found in Bliss' *Encyclopedia of Social Reform*, and Strong's yearbook *Social Progress*, both of which are inclined to exaggerate, perhaps, the darker side. *The Reports of the State Board of Charities of the State of New York*, are particularly useful to the more advanced student; while first hand studies of poverty in great cities may be found in the *Hull-House Maps and Papers* and the *Seventh Special Report of the (United States) Commissioner of Labor*. Stirring descriptions of poverty in various cities may be found in Mr. Riis' *How the Other Half Lives, Children of the Poor*, and *Ten Years' Battle;* London's *People of the Abyss;* and the symposium published by Scribner's, entitled *The Poor in Great Cities*. Isador Ladof's recent book *American Pauperism*, contains a medley of interesting facts, interpreted from the socialistic viewpoint. Hobson's *Problems of Poverty* and *The Social Problem*, and Mrs. Bosanquet's *Strength of the People* pay particular attention to the causes of poverty, the first emphasizing the responsibility of society, the other the responsibility of the family. On the whole the most valuable references are the works cited in the text, particularly Booth's *Life and Labor in London*, Rowntree's *Poverty*, and Warner's little classic, *American Charities*, which contains a useful bibliography; but by far the best discussion of the extent of poverty in the United States will be found in Mr. Robert Hunter's forthcoming book, *Poverty*. The causes and remedies for unemployment are discussed in a suggestive way in Hobson's *The Problem of the Unemployed*, and Drage's *The Unemployed*. Studies of unemployment at specific periods in the United States may be found in the Massachusetts *Report on the Unemployed* (1895), the *18th Annual Report of the Massachusetts Bureau of Statistics of Labor*, and the *Special Census Report* on "Occupations" (1904), while continuous statistics may be found in the *Bulletins* and *Reports* of the New York Department of Labor and *The American Federationist*. The best short discussion of the American statistics of unemployment is contained in the *Final Report of the Industrial*

Commission, pp. 746-763. For references upon wages see the bibliographical note to the last chapter.

SUPPLEMENTARY READINGS:

1. Poverty:
   (*a*) Ladoff, "Extent of Poverty in America," *American Pauperism*, pp. 11-49.
   (*b*) Claghorn, Immigration and Pauperism, *Annals of the American Academy of Political and Social Science*, July, 1904, pp. 187-205.
   (*c*) "Charity and Family Responsibility," *(Eng.) Charity Organization Review*, July, 1904, pp. 26-41.
   (*d*) Hobson, "Moral Aspects of Poverty," *Problems of Poverty*, ch. IX, pp. 171-182.
   (*e*) Booth, Conclusions and Suggestions, *Life and Labor of the People in London*, Final Volume, ch. VI, pp. 200-216.
   (*f*) Bosanquet, "The Source of Poverty," *The Strength of the People*, ch. III, pp. 101-119.
   (*g*) "The Remedy," *ibid.*, ch. IV, pp. 120-141.
   (*h*) Riis, Remedies, *The Peril and the Preservation of the Home*, ch. IV, pp. 157-190.
2. Unemployment:
   (*a*) "Unemployment in the United States," *Final Report of the Industrial Commission*, pp. 746-763.
   (*b*) Hobson, Growth of Unemployment, *Problem of the Unemployed*, pp. 35-45.
   (*c*) "Palliatives of Unemployment," *ibid.*, ch., VIII, pp. 126-160.
   (*d*) Causes and Remedies of Irregular Employment, Booth, *Life and Labor*, Vol. IX, pp. 327-361.

[NOTE: For valuable statistics upon the subjects discussed in this chapter, which appeared too late to be incorporated in the text, see Appendix C.]

BOOK II

REMEDIES

CHAPTER VI

STRIKES AND BOYCOTTS

In the preceding chapters attention has been called to some of the prominent evils which affect the existing industrial system. Book II is concerned with the means employed to combat these evils, although consideration can be given to only a few of the practical agencies of betterment, those which have been used most persistently or most successfully, and which have come to constitute in almost every case, important problems in themselves. Historically the first among such agencies is the strike. At the present time it may do more harm than good—we do not wish to prejudge this question. But nevertheless it is the instinctive weapon of the wage-earning classes, it is still frequently—far too frequently—employed by new unions, and there is no sign of its abandonment. For these reasons it is considered first among the agencies of betterment.

1. *Definitions: The strike may be defined as a temporary combination of wage-earners to effect some purpose—usually the improvement or maintenance of the conditions of their employment—by a concerted cessation of work, during which active measures are taken by the strikers to retain the places which they have temporarily*

vacated. This is, perhaps, a rather pedantic definition of a very familiar thing. It serves, however, to emphasize two very essential points: (a) Strikes are not always declared for the laudable purpose of improving conditions of employment. Strikers, indeed, are often animated by the loftiest altruism, but sometimes they are animated chiefly by a desire for mere revenge or retaliation. (b) Secondly, the mistake must not be made of assuming that the strike is a mere cessation of work. When workmen quietly leave their employer and seek work elsewhere, we do not describe their action as a "strike." In the average or normal strike measures are always taken to induce competing workmen not to take the places vacated by the strikers. In other words an attempt—it may be lawful or unlawful—is made to prevent the employer from obtaining an adequate supply of labor.

Strikers, however, frequently fail in preventing the employer from securing an adequate supply of labor, and in this event other forms of pressure are brought to bear upon him. *When instead of, or in addition to, endeavoring to prevent the employer from securing an adequate amount of labor, measures are taken to deprive him of his customers or the materials necessary in his business, the combination becomes to this extent a boycott.*

2. *History of Strikes:* Strikes are as old as the wage system itself, and the slave insurrections, peasant revolts and labor wars which frequently occurred before the emergence of the wage system, prove the existence in that

earlier epoch of all the elements of the strike save those which arise from that system itself. In Germany we have references to a strike among the journeymen girdlemakers of Breslau as early as 1329, and in 1349 the tanners of Paris struck for an increase of wages. In England, Mr. and Mrs. Webb have unearthed evidence of a strike—and possibly of a permanent trade union—as early as 1387 among the serving men of the London cordwainers; while in France during the fifteenth century, according to D'Avenel in his *Paysans et Ouvriers Depuis Sept Cents Ans*, strikes were plentiful, not so numerous as to-day, but relatively quite as serious in their consequences and more violent in their conduct. An amusing account of a sixteenth century strike is noted by the Webbs in the opening chapter of their *History of Trade Unionism*. "In 1538 the bishop of Ely reports to Cromwell that twenty-one journeymen shoemakers of Wisbech have assembled on a hill without the town and sent three of their number to summon all the master shoemakers to meet them, in order to insist upon an advance in their wages, threatening that 'there shall none come into the town to serve for that wages within a twelfth-month and a day, but we woll have an harme or a legge of hym, except they woll take an othe, as we have doon.' "

Just when the first strike occurred in the American colonies is not known, but in the celebrated trial of the journeymen cordwainers at New York in 1810, reference was made to a strike among certain bakers—probably of New York City—which occurred in 1741, and in Phila-

delphia an association of journeymen shoemakers conducted a series of strikes in 1796, 1798, and 1799, referring to which one of the employers involved said "that for several years he had lost as much as $4,000 annually through inability to fulfill his contracts, consequent upon the refusal of the journeymen's association to allow their members to work in his shop along with men who did not belong to the organization. It was also developed in the testimony that workmen had been threatened and even severely beaten, for working against the orders of the association, and that practically the modern system of boycotting was in full operation."[1] By 1809 the terms "scab," "strike," "general turn-out," etc., were in common use. By 1835 strikes had become so common that the New York Daily Advertiser declared: "Strikes are all the fashion." With the violent and widespread railroad strikes of 1877, came the first strike of national magnitude and importance, which seriously impaired the business of the country and necessitated the calling out of state and national troops. The Commissioner of Labor has secured, without attempting a complete or exhaustive study, record of 1,440 strikes and lockouts which occurred in the United States prior to 1881.

It is impossible to make any detailed study of the history of the strike in this work, but the ancient origin of the strike and its persistent recurrence throughout modern history warrant the conclusion that the strike itself has been an inseparable accompaniment of the wage system.

[1] *Sixteenth Annual Report of the Commissioner of Labor*, p. 982.

Wherever wage contracts are made, there they will be terminated: this much is a truism. But that wherever wage contracts are made, workmen will combine to terminate them in concert, and unite in inducing other workmen not to take their places, is something more than a truism.

3. *Statistics of Strikes:* Since 1881 the Bureau of Labor has regularly investigated the strikes and lockouts occurring in this country, which lasted for one day or more; and the principal statistics for the twenty years 1881-1900 are given in this and the two succeeding sections. For the most part the figures are left to tell their own story, and the reader is advised to study them carefully as they are full of significance. In the original tables, strikes and lockouts are distinguished, but, as the Commissioner of Labor truly says, "these two classes of industrial disturbances are practically alike," and in the following tables the statistics of strikes and lockouts are combined whenever possible.[1]

The figures in Table I speak for themselves. Contrary to the general opinion, perhaps, nearly 52 per cent. of the employees involved in strikes succeeed in winning all or part of their demands; and since 1886, at least, strikes have not been increasing as fast as the population of the country. Thus between 1890 and 1900 the general population increased 20.7 per cent., the breadwinners ten years of age and over, 27.8 per cent., and the wage earners in manufacturing industries 25.1 per cent. On the other

[1] Statistical material from the *Sixteenth Annual Report of the (United States) Commissioner of Labor*, pp. 11-42.

TABLE I

STRIKES AND LOCKOUTS IN THE UNITED STATES: 1881-1900

Year	Strikes and Lockouts	Establishments Involved	Employees Involved	Females Involved	Per Cent. of Females	Wage Loss of Employees	Loss of Employers	Total Loss	Per Cent. of Strikes ordered by Labor Organizations	Per Cent. of Employees Involved in Strikes		
						(In Thousands of Dollars)				Successful	Partially Successful	Which Failed
1881	477	2,937	130,176	7,774	6.0	3,391	1,926	5,317	47.1	42.9	13.5	43.6
1882	476	2,147	158,802	12,392	7.8	10,330	4,381	14,712	48.0	29.6	4.6	65.8
1883	506	2,876	170,275	23,899	14.0	7,343	4,993	12,336	56.7	36.8	11.4	51.8
1884	485	2,721	165,175	20,314	12.3	9,088	4,033	13,122	53.9	35.9	3.4	60.7
1885	695	2,467	258,129	32,196	12.4	11,564	4,844	16,408	56.0	47.5	9.8	42.6
1886	1,572	11,562	610,024	107,984	17.7	19,278	14,307	33,580	53.1	38.5	14.6	46.9
1887	1,503	7,870	439,806	34,379	7.8	20,794	9,518	30,312	66.3	33.6	7.0	59.4
1888	946	3,686	162,880	15,654	9.6	7,477	7,726	15,204	68.1	27.8	7.5	64.6
1889	1,111	3,918	260,290	26,555	10.2	11,789	3,243	15,033	67.3	28.9	25.1	46.0
1890	1,897	9,748	373,499	39,260	10.5	14,833	5,621	20,454	71.3	45.1	13.8	41.1
1891	1,786	8,662	329,953	27,933	8.5	15,685	6,793	22,478	74.8	27.0	7.7	65.3
1892	1,359	6,256	238,685	14,568	6.1	13,628	6,840	20,469	70.7	29.6	7.9	62.5
1893	1,375	4 860	287,756	21,730	7.5	16,597	4,440	21,038	69.4	23.4	15.8	60.8
1894	1,404	9,071	690,044	69,586	10.1	89,168	19,964	59,133	62.8	17.8	20.8	61.4
1895	1,255	7,343	407,188	65.445	16.1	13,836	5,656	19,492	54.2	39.9	11.1	49.0
1896	1,066	5,513	248,888	31,940	12.8	11,789	5,661	17,450	64.6	41.4	14.3	44.3
1897	1,110	8,663	416,154	46,063	11.1	18,052	5,166	23,269	55.3	38.9	37.3	23.8
1898	1,098	3,973	263,219	36,983	14.1	10,917	4,835	15,753	60.4	43.6	9.2	47.1
1899	1,838	11,640	431,889	45,188	10.5	16,643	7,822	24,465	62.0	54.5	14.3	31.2
1900	1,839	11,529	567,719	30,556	5.4	34,478	14,879	49,357	65.4	28.8	38.8	32.4
Total	23,798	127,442	6,610,001	710,349	10.7	306,688	142,659	449,342	63.5	35.0	16.7	48.3

hand there were more strikes in 1890 than in 1900, and the average annual number of strikes in the five years 1886-1890 was 1,406 as compared with 1,390 in the five years 1896-1900. The similar averages for the employees involved, were 369,200 and 385,564, respectively, an increase of less than 5 per cent. Although there has been undoubtedly a large increase in strikes since 1900, this increase is probably due to temporary conditions, and taking one year with another, there is no reason to distrust the plain testimony of the figures that strikes are not increasing as rapidly as the industrial population.

4. *Trade Unions and the Strike:* The relative decrease of strikes is undoubtedly due, I think, to improvement in the organization and personnel of the trade union. Before a strike can be declared in our larger and stronger trade unions, the local officers must attempt to settle the difficulty by amicable agreement, the local union must approve the strike by a secret ballot in which a two-thirds vote is often necessary to support the strike, the national president must be called in to attempt a peaceful settlement, and then, if all these negotiations fail, the strike must be approved by the national officers or the board of directors before it can be declared. All this means increasing control by the national unions whose officers are not only as a rule much more intelligent and conservative than the local officers, but have much more to lose in place, power and prestige, by an unsuccessful strike. Labor leaders are often charged with inciting satisfied workmen to strike, and the charge is true in part; they

often do encourage fairly well satisfied men to strike when times are good and the prospect of winning excellent. But we too often forget the strikes they discourage or prevent when times are hard, and workmen dissatisfied, ready for strikes or even violence.

The trade union makes for the regulation, not for the suppression of strikes; for their encouragement in season, for their discouragement out of season; but on the whole its influence is conservative.[1] If we are to maintain an attitude of impartiality, all these truths must be acknowledged. Nearly forty years ago, in 1866, the committee on strikes of the great National Labor Union reported as its "deliberate opinion that, as a rule, they [strikes] are productive of great injury to the laboring classes; that many have been injudicious and ill-advised and the result of impulse rather than of principle and reason; that those who have been the fiercest in advocacy have been the first to advocate submission." As late as 1880 the National Convention of the Knights of Labor formally resolved that: "It is the opinion of our order that strikes are, as a rule, productive of more injury than benefit to working people; consequently all attempts to foment strikes will be discouraged." To-day all this is

[1] This rather complex statement seems to be borne out by the fact that although strikes are much more frequent in Great Britain and the United States than in the continental countries of Europe, in which—with the possible exception of Denmark—labor organization has not reached such a high degree of development, they are, nevertheless, decreasing in the two first named countries. According to the *Report of the Industrial Commission*, Vol. XVII, p. cxxix, the annual number of strikers per 10,000 of the industrial population is about 336 in the United States, 276 in Great Britain, 183 in France, 150 in Austria, 138 in Italy and 111 in Germany.

changed, and the Industrial Commission summing up the testimony of the most prominent labor leaders on this subject aptly and correctly says: "While the most intelligent and conservative labor leaders freely recognize the expensiveness of strikes, and desire to supplant them as far as possible with peaceful methods of negotiation, they almost universally maintain that workingmen gain, in the long run, far more than they lose by the general policy of striking." This then is the first truth: that the strike of the past was for the most part sporadic, violent and passionate, a resentful rebellion against conditions regarded as too grievous to be longer endured, while to-day the strike has become a business proposition, a deliberate demand formulated when the time is ripe, an index of prosperity.

The second truth is that this calculating regulation has lessened not only the violence but even the relative number of strikes. In Table II, which follows, the strikes ordered by labor organizations are compared with those not ordered by organizations. Of the "organized" or "union" strikes there were 4,358 in the five years 1886-1890, and only 4,175 in the five years 1896-1900. Of the "unorganized" or "non-union" strikes, there were 2,319 in the former period, but 2,560 in the latter period. The "union" strikes decreased 4 per cent.; the "non-union" strikes increased 10 per cent. And as our trade unions get stronger and older, it is very probable that the strike will be even more vigorously restricted, because it is the new and poorly organized unions which foment strikes.

TABLE II

SHOWING THE RESULTS OF STRIKES ORDERED BY ORGANIZATIONS AND THOSE NOT ORDERED BY ORGANIZATIONS: 1881-1900

YEAR	Strikes ordered by organizations				Strikes not ordered by organizations			
	Number of strikes	Per cent. of establishments in which strikes			Number of strikes	Per cent. of establishments in which strikes		
		Succeeded	Succeeded partly	Failed		Succeeded	Succeeded partly	Failed
1881 .	222	65.6	6.5	27.9	249	48.2	8.7	43.1
1882 .	218	56.4	9.6	34.1	236	44.7	3.7	51.5
1883 .	271	64.8	18.4	17.3	207	26.2	4.1	69.7
1884 .	239	55.8	3.3	40.9	204	30.8	6.9	62.3
1885 .	361	63.7	10.5	25.8	284	26.2	7.1	66.7
1886 .	760	33.5	20.5	46.0	672	41.6	7.4	51.0
1887 .	952	48.4	7.2	44.4	483	27.0	7.2	65.8
1888 .	616	56.2	5.0	38.8	288	25.0	8.9	66.1
1889 .	724	45.6	21.4	33.0	351	49.9	9.3	40.8
1890 .	1,306	54.0	10.2	35.8	525	39.9	8.4	51.7
1891 .	1,284	38.5	8.1	53.4	432	36.8	11.7	51.6
1892 .	918	39.3	8.8	51.9	380	39.2	8.2	52.6
1893 .	906	53.9	10.9	35.2	399	28.4	6.2	65.4
1894 .	847	37.3	13.7	49.0	501	43.9	12.1	43.9
1895 .	658	59.2	10.1	30.7	555	27.2	9.2	63.6
1896 .	662	62.5	6.5	31.0	363	29.9	15.7	54.4
1897 .	596	59.7	29.5	10.8	482	30.8	12.5	56.6
1898 .	638	69.7	6.2	24.1	418	34.0	7.6	58.4
1899 .	1,115	76.3	14.2	9.5	682	36.6	14.9	48.5
1900 .	1,164	48.1	21.9	30.0	615	29.9	7.0	63.0
Total.	14,457	52.9	13.6	33.5	8,826	35.6	9.0	55.4

Table II not only emphasizes the superior success of the "organized" strike, but it contains strong evidence of that deliberate regulation of strikes which has been emphasized in the preceding paragraphs. Compare the number and results of the two classes of strikes in the industrial depression which began in 1893. The labor organizations, realizing that conditions were not auspicious, steadily restricted the number of strikes, with the result that in this period of stagnation the percentage of successful strikes was actually higher than in normal years (53.88 per cent. during 1893-1897 as contrasted with 52.86 per cent. during 1881-1900). Among the "unorganized" strikes, however, the movement was reversed. As times grew hard and wages fell, the discontent of the unorganized workmen vented itself in an increased number of strikes, with the inevitable result of a diminution in the percentage of successful strikes (32.82 per cent. during 1893-97; 35.56 during 1881-1900).

5. *Causes of Strikes:* In Table III, which follows, valuable information is given concerning the cause of strikes, and the success or failure of the various kinds of strikes. Among other interesting data, information is given concerning the three species of strikes upon which the public seems to have set the seal of its disapprobation: the sympathetic strike, the strike against the employment of non-union men, and the strike to compel the employer to accept the union regulations regarding apprenticeship and other details of his business. The figures show that these three kinds of strikes together constitute only about

TABLE III

SHOWING THE LEADING CAUSES OF STRIKES AND THE RESULTS OF STRIKES CLASSIFIED BY CAUSES: 1881-1900

OBJECT OR CAUSE	Per cent. of all strikes (by establishments)	Per cent. of establishments in which strikes		
		Succeeded	Succeeded partly	Failed
For increase of wages	28.70	52.77	17.38	29.85
For increase of wages and reduction of hours	11.23	62.49	21.08	16.43
For reduction of hours	11.16	49.43	8.66	41.91
Against reduction of wages	7.17	32.54	13.14	54.32
In sympathy with strike elsewhere	3.47	25.03	2.33	72.64
Against employment of non-union men	2.34	67.21	1.38	31.41
For adoption of new scale	2.33	35.34	30.09	34.57
For recognition of union	1.40	12.37	. . .	87.63
For increase of wages and recognition of union	.95	13.41	17.46	69.13
For enforcement of union rules	.91	89.79	. . .	10.21
For adoption of union scale	.79	46.23	.43	53.34
For reduction of hours and against being compelled to board with employer	.79	32.47	. . .	67.53
Against task system	.78	50.93	. . .	49.07
For reduction of hours and against task system	.77	100.00	. . .	. . .
For adoption union rules and union scale	.75	64.20	5.23	30.57
For reinstatement of discharged employees	.74	40.67	1.96	57.37
For increase of wages, Saturday half holiday, and privilege of working for employers not members of masters' association	.68	100.00	. . .	. . .
Against reduction of wages and working over time	.64	100.00	. . .	. . .
For increase of wages and against use of material from non-union establishments	.64	. . .	. . .	100.00
For increase of wages and Saturday half holiday	.62	77.64	15.09	7.27
All other causes	28.14	. . .	. . .	. . .

8 per cent. of all strikes and that the sympathetic strike is conspicuously unsuccessful.

6. *The Legal Aspect of Strikes:* In the opening paragraphs of this chapter, it was pointed out that the normal strike involves a concerted termination of employment, and systematic persuasion with the object of keeping the strikers' places from being filled, and that in addition, pressure was frequently brought to bear upon the employer by depriving him of his customers or of the raw materials needed in his business. The discussion of this subject naturally turns, then, upon the right of wage-earners to combine (a) to quit work, (b) to picket, and (c) to boycott. Before discussing these rights, attention should be called to the general legal doctrine which underlies and conditions the law upon all these subjects: the doctrine of conspiracy.

A conspiracy is an illegal combination. It may be more practically defined *as a combination of two or more persons, by concerted action, to accomplish some unlawful, oppressive or immoral action, or to accomplish some purpose, not in itself unlawful, oppressive or immoral, by unlawful, oppressive or immoral means.* It is evident that adequately to discuss and expand this doctrine would require a volume in itself, but the reader is requested to notice particularly the following consequences and interpretations of the doctrine. (a) It has been interpreted very broadly, so as to condemn combinations merely to injure public trade, to violate public policy or to pervert justice. (b) It follows that many actions may become

unlawful when performed by a combination of persons, which, if performed by an individual, would lead neither to criminal indictment nor to civil action. (c) The combination may be punished though its purpose is never achieved. As was said in the celebrated case of Commonwealth *v.* Judd (2 Mass. 329), "The gist of a conspiracy is the unlawful confederacy to do an unlawful act * * * the offence is complete when the confederacy is made; and any act done in pursuance of it is no constituent part of the offence, but merely an aggravation of it."[1] (d) Finally, and most important, a combination is not unlawful merely because it contemplates or necessarily involves injury to some one. If A and B form a partnership and in the normal course of competitive business drive a rival C into bankruptcy, C has no legal redress. He has been injured but not wronged; in legal parlance it is *damnum absque injuria*. On the other hand if A and B combine to bankrupt C designedly, and commit acts which, while necessarily injurious to C, are of no direct benefit to themselves, they are guilty of conspiracy, and may be duly punished.

The decisive factor, then, is the presence or absence of malicious intent. But it is one of the unfortunate peculiarities of the strike that it invariably involves injury to someone—the employer, a non-union workman or a third party. The consequence is, that in almost every strike

[1] This part of the doctrine of conspiracy has been repealed in the Federal law, and except for specially heinous crimes like arson, burglary, etc., in Minnesota, South Dakota, Oklahoma, Montana and New Jersey.

about whose legality there can be any question at all, the question finally sifts down to the legitimacy of the object of the strike. Was the injury involved in the accomplishment of an innocent and laudable purpose? Then the strikers cannot be charged with it. Was there no real purpose, or only a trivial one, beyond the intent to injure? Then the combination becomes a conspiracy and the conspirators may be punished criminally and mulcted in damages. *From these conditions we reach the general rule that a peaceable strike is illegal or legal according as the injury it entails is direct, primary and intentional, or secondary and incidental to the accomplishment of some innocent end.*

(*a*) *Combinations to Terminate Employment:* At the present day, a combination to quit work is legal or illegal according as the further object of the combination is good or bad. This has not always been the law. In England, at least, during the life of the combination acts which were repealed in 1824, combinations of wage-earners to effect even the most innocent and laudable ends were under the ban of the law; and the English doctrine seems to have been followed in several early American cases, notably those of the Boot and Shoe Makers of Philadelphia (1806), the Journeymen Cordwainers of the City of New York (1810), and the Pittsburg Cordwainers (1815). In the first named case the court endorsed the English doctrine in its baldest form: "A combination of workmen to raise their wages," said Recorder Levy in his charge to the jury, "may be considered in a twofold point

of view; one is to benefit themselves, the other is to injure those who do not join their society. *The rule of law condemns both.*"[1] The jury found the strikers "guilty of a combination to raise their wages," and they were fined $8 each together with the costs of the suit.

The American courts soon righted themselves, however, and in a series of cases, the most celebrated of which perhaps is Commonwealth *v.* Hunt (4 Metcalf, 111), and the most decisive that of Master Stevedores' Association *v.* Walsh (2 Daly, 1), fully established the right of wage-earners to quit work for the purpose of improving the conditions of their employment. And this may now be accepted as the general rule. On the other hand, it cannot be emphasized too strongly that no such thing as a general right to quit work has been established. Everything depends upon the object for which the employees quit work. If the object be to increase wages, reduce hours, prevent the practice of working over time, or any other end which the court regards as legitimate, the combination is legal. This legality will be asserted even in such cases as strikes on a railroad in the hands of a receiver, where actions calculated to embarrass this officer of the court are judged with great severity, and are likely to be punished as contempt of court. *Per contra,* if the principal object be to harass or embarrass the receiver, even though the strikers hope in some vague and indefinite way ultimately to profit by their action, the combina-

[1] For the above cases and opinions quoted see *Sixteenth Annual Report of the Commissioner of Labor,* ch. V.

tion will be illegal. Among the other objects which will taint a combination to quit work and render the participants liable to criminal indictment or civil action are: hindrance and delay of the United States mail, persuasion of others to obstruct the mails or interstate commerce generally, inducement or coercion of one person to boycott another, the coercion of the public generally to adopt certain measures, and probably the violation of labor contracts. It need hardly be said that in most of these cases the combiners hope to benefit themselves ultimately. But if, in the chain of intermediate means there is an illegal act such as intimidation of a "scab," or if the ultimate benefit is remote, trivial or indefinite, while the injury is the immediate object sought, the combination becomes illegal.

It is not always easy to ascertain whether the intent is malicious or not, and in deciding difficult cases much stress is laid upon "insufficient interest." Speaking generally, people must have a plain and important interest at stake, or they will not be permitted to interrupt with impunity the business of the employer and the traffic of the public. The legality of three important kinds of strikes is usually determined by this test of sufficient interest. (a) The sympathetic strike is practically always illegal, the courts holding that the workmen in one establishment have no such interest in the success of the strike in another establishment, as to warrant them in involving their own employer and the public in the losses and discomforts of a new strike. (b) Strikes to secure

the discharge or prevent the employment of non-union workmen; and (c) the interference of outside parties, usually trade union officials, in instigating and directing strikes in establishments in which they are not employed, have also in the past usually been declared illegal. The reasoning of the courts in these cases seems to be that the strikers or the trade union officials have so little to gain by the success of the strike that their actions in inflicting the injuries consequent upon the strike must be construed as predominantly malicious. In all these classes of cases a large majority of the decisions are adverse, but there are several strong decisions in the opposite direction, particularly in New Jersey and New York.[1]

The difficult case of the strike against the employment of non-union men is discussed at length on page 205. At this point the writer can only record his strong dissent from the doctrine that when a walking delegate or a union organizer goes into a factory or mine, and persuades the employees to strike, he is necessarily without real interest, and guilty of malicious interference. Doubtless there are cases in which the object of the walking delegate is simple blackmail. But in the great majority of instances his

[1] See particularly Judge Parker's decision in National Protective Association *v.* Cumming, 63 N. E. Rep., 369. In this case it was held that the members of one trade union may strike to secure the discharge of members *of another union;* but subsequent decisions of the Appellate Division of the Supreme Court of New York have made it plain that the old doctrine that strikes to secure the discharge of non-union men are illegal, is to be maintained. (See the decision in Beattie *v.* Callanan, discussed in the *New York Bulletin of Labor,* June, 1903, pp. 176, 177.) In the recent Pennsylvania case of Erdman *v.* Mitchell, the doctrine that the members of one union have a right to strike in order to secure the discharge of members of another union, was flatly denied. (*Bulletin of the* (*U. S.*) *Bureau of Labor,* No. 51, pp. 450-454.)

work is perfectly legitimate. If he be an officer of the union to which these employees belong, he is merely doing what he is elected or appointed to do, namely, watch out to discover when they can better their conditions and direct them in the method of betterment. He is no more guilty of malicious interference than is the counsel of a great company when he advises the directorate to reduce expenses by introducing labor-saving machinery or a cheaper grade of labor. On the other hand, if he be an organizer, engaged in persuading non-union employees to enter the union and demand union terms, he has an even more vital interest at stake. Just as a government cannot long endure half slave and half free, so there cannot permanently exist in the same place and occupation a higher and a lower rate of wages for the same work; and the trade union which has secured the higher rate, must induce the non-union competitors to demand the same terms, or itself be forced back to the lower level. The union official who persuades non-union men to demand union terms, is, in his own belief, inducing them not only to better their own condition, but to cease injuring the trade unionists whom he represents. In the last analysis the decision of the court in these delicate questions of intent and interest will be decided by the political economy of the court. If the judge believes that the working man cannot substantially improve his condition without making positive efforts to improve it, that "if the wage-earner does not pursue his interest, he loses his interest," then he should acquiesce in the methods of combination

and union which up to the present time have been the most efficient instruments which the laboring classes have devised to improve their condition.

(*a*) *Statute Law on Strikes:* Up to this point we have been speaking as if there were no statute law on strikes, but this is not strictly true; about fifteen states have statutes modifying the old law of conspiracy, specifically conferring on the laborer the right to combine to raise wages, or to induce by peaceable means, any person to accept or quit any employment. The Pennsylvania statute authorizing workmen, *inter alia*, to combine to quit work whenever the continued labor by them would be contrary to the rules of their union; the New Jersey, Texas, and Colorado statutes permitting combinations for the purpose of persuading others to strike or quit work; and the Maryland and California statutes declaring that no combination to do any act in furtherance of a trade dispute shall be indicted as a conspiracy, if such act committed by one person would not be punishable as an offence, have all wrought important modifications of the law, and might profitably be endorsed by the laboring classes in other states. But with these exceptions the statutes do not appear substantially to have altered the common law, particularly as regards the civil liability of strikers.

Three federal statutes, however, are of great importance: section 3,995 of the Revised Statutes which penalizes the knowing and wilful obstruction of the passage of the mails; the tenth section of the Interstate Commerce Act

which makes it a misdemeanor to interfere with interstate transportation; and the first section of the Anti-Trust Act of 1890 which declares illegal every combination in restraint of trade or commerce among the several states or with foreign nations.

No one can state at the present time the exact effect of these statutes upon the legality of labor combinations. In a number of exceedingly important cases the courts have spoken as if any combination of wage-earners which contemplates or necessarily involves obstruction of the mails, interference with transportation between the states or restraint of interstate commerce, is *ipso facto* illegal. Yet in what is probably the most important Federal case on this particular topic, a Circuit Court of Appeals decided that employees can not be prevented from quitting work or from advising others to quit, even though their action restrains commerce and interferes with transportation between the states.[1] As a consequence we are in a condition of very demoralizing uncertainty.

(*b*) *Picketing:* The second fundamental question involved in the strike concerns the right of strikers to persuade other workmen not to accept employment with the employer involved. This is usually accomplished by pickets or patrols who are stationed about the works of the employer in order to intercept "strike breakers" and persuade them not to take the places vacated by the strikers.

The law upon picketing can be stated in a few words. The theoretical right of strikers peaceably to persuade

[1] Arthur *v.* Oakes, 63 Fed. Rep., p. 310.

competing workmen not to take their places, has been fully established. Nevertheless the American cases in which actual picketing has been sanctioned or permitted can be numbered, so to speak, on the fingers of one hand. The explanation of this apparent anomaly is not far to seek. It seems to be generally admitted that strikers have such a supreme interest in preventing the filling of their places, that they are justified in peaceably persuading others not to "scab," even though such persuasion contains a very plain element of boycott. On the other hand this persuasion must not contain the slightest element of intimidation or interference, because the moment it does so it becomes an action forcibly to prevent a workman from getting or keeping a "job." Now it so happens that the strike-breaker or "blackleg" is seldom willing to discuss the proprieties of his action with the strikers, or entertain towards them any other feelings than those of the liveliest fear and apprehension. To persuade him you must detain him against his will, and to detain him by force constitutes coercion or intimidation. And this goes far to explain why almost every decision on the subject affirms the abstract right and condemns the actual practice of picketing.

(*c*) *Boycotting:* When picketing and the concerted cessation of employment fail to win a strike, resort is often had to the boycott. *The boycott, as used in modern labor disputes, may be defined as a combination to suspend dealings with another party, and to persuade or coerce others to suspend dealings, in order to force this party to*

comply with some demand, or to punish him for non-compliance in the past. At the present time four distinct varieties of boycott may be distinguished: (1) The primary boycott; a simple combination of persons to suspend dealings with a party obnoxious to them, involving no attempt to coerce third persons to suspend dealings also. (2) The compound boycott, in which such an effort to coerce third parties to participate is made. This is the ordinary form of the boycott. (3) The fair list or union label, placed, respectively, in establishments manned or upon goods manufactured by union labor solely and designed to confine the patronage of trade unionists to employers who accept the union scale and conditions of labor. This is often spoken of as the legal or negative boycott. (4) The unfair list, published in most trade union journals and containing the names of firms and employers who have offended the unions, and with whom trade unionists are exhorted to have no business dealings, either of purchase or of sale, direct or indirect. Employers branded "unfair" by one labor organization are frequently placed on the unfair lists of other organizations "by courtesy," and when the American Federation of Labor thus endorses the boycott of an affiliated union, the excommunication is transmitted to a membership approximating two millions.

So much for the facts about the boycott. With respect to the law, it may be briefly said that the legality of the union label has been firmly and finally established; that nothing authoritative can be said about the legality of the

unfair list[1] as it has been brought before a court for the first time, so far as the writer knows, in a case which is still pending; that the legality of the primary boycott, which seldom occurs, is doubtful; while the compound boycott is almost always and everywhere illegal. In Illinois, Alabama and Colorado there are statutes prohibiting the boycott, *eo nomine,* and in Maryland, Montana and California, laws apparently legalizing peaceable boycotts exist, while about twenty-five other states have statutes against interference and intimidation which do little more than declare the common law.

The essence of the boycott is the intent to injure. This injury may be inflicted for mere revenge, or it may be inflicted with the ultimate purpose of accomplishing the most laudable and desirable improvement in the conditions of employment. But in either case, say the courts, the primary object is injury, the intent consequently malicious, and the combination in turn illegal. A variety of other reasons are advanced by the courts for declaring the boycott illegal. Many of them seem to the writer superfluous, illogical, and in plain conflict with the more liberal laws on strikes.[2] But the doctrine of malicious

[1] The unfair list, picketing, the blacklist and all forms of the boycott have been made illegal in Alabama by a recent law. (Acts of 1903, No. 329.)

[2] For example, the doctrine that it is unlawful to interfere with any one in the lawful conduct of his business, a doctrine enacted into positive law in New Hampshire (Pub. Stat., 266, 12), and other states. Every act of a business firm which injures a competitor, and certainly every strike, interferes with some one in the lawful conduct of his business. This doctrine was most severely arraigned by Chief Justice Parker in the case of National Protective Association *v.* Cumming (63 N. E. Rep., 369).

intent is open to none of these objections and may stand alone as a sufficient explanation of the illegality of boycotts. The writer wishes to express no opinion about the real wisdom or fundamental justice of this doctrine. Absolute justice may indeed decree that certain forms of the combination to injure should be tolerated or even encouraged. But this at present is not, in most of the United States at least, the law of the land.

The simple dictum that the ordinary boycott is now illegal must be taken in connection with the following modifications: (a) Many of the most eminent legal authorities affirm that the primary boycott is perfectly legal. Such boycotts rarely, if ever, occur. Nevertheless, in the cases nearest approximating primary boycotts, the combinations have been deemed illegal enough to justify injunctions.[1] (b) But the legality of trade boycotts—boycotts by one group of employers directed against another employer or group of employers—has been affirmed in several important cases though denied in others. (c) In a few recent cases the legality of compound boycotts has been fully sustained, and these cases may represent the latest trend of legal doctrine. The controversy cannot be thrashed out here, but the reader is advised to read the opinion of the Supreme Court of Missouri in the case of Marx and Hass Jeans Clothing Co. *v.* Watson *et al.*[2]

[1] See Barr *v.* Essex Trades Council, 30 Atl. Rep., 881; and Hopkins *v.* Oxley Stave Co., 83 Fed. Rep., 912.

[2] 67 S. W. Rep., 391. The essential points of this decision may be found conveniently in *Bulletin of the Department of Labor*, No. 44, pp. 157-159.

7. *The Blacklist:* The evil possibilities of the boycott appear most plainly when we consider the boycott sometimes maintained by employers against the employment of workmen who have made themselves obnoxious by activity in strikes or in the organization of new unions. This form of boycotting is usually called "blacklisting," and the attitude of workingmen towards it is well expressed by the statement of the Industrial Commission that "witnesses representing labor without exception denounce the blacklist as unjust." The Industrial Commission, or at least the writer of the admirable chapter on "Labor" in the *Final Report*, maintains that the ordinary effect of the blacklist is immensely "more injurious to the men concerned than a boycott, which is the counter weapon to the blacklist, could be to an employer." But notwithstanding this statement the two things are in principle identical and should be treated alike.

About twenty-seven states at the present writing (1904) have laws which either prohibit, or might be construed to prohibit, blacklisting, but these laws are difficult to enforce because of the secrecy with which a few powerful employers may combine against an obnoxious workman. Where such laws impose positive duties upon the employer and attempt to compel him to furnish a written statement of the cause of discharge, they are probably unconstitutional; but most of these laws simply prohibit the circulation of blacklists, or wilful attempts and combinations to prevent persons from obtaining employment, and in this form they are wholly in keeping with the

general doctrine laid down by the majority of courts on strikes and boycotts. But there are a few decisions of an opposite tenor, and a Missouri court has recently refused to issue an injunction against the maintenance of a blacklist by the Western Union Telegraph Company.[1]

Very recently some of the more radical employers' associations have devised what may be called a negative blacklist. Members of the association send to the local headquarters a description of each workman in their employ, and when a man is discharged, a statement of the reason is forwarded to the secretary who enters this and all other items of relevant information which he may secure, upon the proper card. In this way a history and description of every workman in the locality is compiled for the particular industry in question. Other members of the association who desire to put on extra hands send to the headquarters for a list of eligibles, or get a statement of the history and character of any applicant for work who has ever been employed in the same town; and the association is thus enabled to weed out troublesome workmen by simply refusing to recommend them, or by merely stating what is known of their past careers. While it is evident that such a system may be abused, it would seem to be perfectly legal and beyond the reach of statute law. In principle it is essentially similar to the union label.

Just how extensively this negative blacklist, or "whitelist" as it has been called, has come into use, is not known.

[1] See *Bulletin of the (U. S.) Bureau of Labor*, No. 50, p. 202.

But it is "generally believed," as the Industrial Commission expresses it, "that the more formal and direct methods of blacklisting have largely disappeared."

8. *Criticism of the Law:* It seems utterly impossible to lay down simple general rules for deciding what does and does not constitute malice. As Lord MacNaughten said with blunt honesty in the famous case of Allen *v.* Flood: "Sometimes I rather doubt whether I quite understand that unhappy expression [maliciously] myself." The result is that our court decisions are almost hopelessly conflicting, the status of the law vague, and labor organizations blamelessly ignorant of what they can and can not lawfully do in labor disputes. "The law on this whole subject," said Vice-Chancellor Stephenson in a recent case, "is to a large extent unsettled, and involved in dispute and difference of opinion among judges and text-writers."[1]

That this reproach of uncertainty may justly be aimed at the existing law, no one denies. But two further criticisms, not so plainly justifiable, are also based upon the necessity, inherent in the existing law, of making the difficult diagnosis of intent. Whether the intent be malicious or not, say the first group of critics, is or should be entirely immaterial: acts are either actionable or per-

[1] **Atkins *et al. v.* Fletcher Co. *et al.*, 55 Atl. Rep., 1074. In this case a labor organization tried to secure an injunction preventing the agents of an employers' association from interfering by intimidation, threats or violence with a system of peaceable and lawful picketing which the labor organization was maintaining. The reader is strongly advised to read this most interesting decision which may be found in *Bulletin of the (U. S.) Bureau of Labor*, for March, 1904, pp. 457-460.**

missible, unlawful or lawful; there is no middle ground, and no act should be interpreted as unlawful merely because it is performed with malice. The second group of critics acquiesce, however, in the necessity of interpreting the intent, but complain that the courts, owing to the training, social affiliations and unconscious predilections of our judges, are prone to find malice where there is no malice, and frequently fail to see the direct and legitimate interest of combining workmen when they have such an interest.[1]

On the surface everything seems to favor the elimination of the consideration of motive, the elusive, evanescent will-o-the-wisp that has brought our law into such confusion. Further consideration, however, forces the writer to conclude, not only that such elimination is impossible, but that with the increasing complexity of industrial relations and the growing power of one social group to injure both society generally and competing groups in particular, the law will become increasingly dependent upon the interpretation of motive. The necessary consequences of the elimination of the consideration of intent condemn the proposition altogether. It would legalize at once the sympathetic strike, the compound boycott and the blacklist. With one and the same edict we should authorize Mr. Gompers to turn his two million workmen to the

[1] The reader will find able presentation of the first line of criticism in the oft-quoted paper by President Gompers, published in *Senate Document No. 190*, 57th Congress, 1st Session; and in *The Law of Trade and Labor Combinations* by F. H. Cooke. An admirable exposition of the second kind of criticism may be found in the *Introduction to the 1902 Edition of Industrial Democracy* by Sidney and Beatrice Webb.

destruction of any firm which refused to participate in his boycotts, and encourage Mr. Parry to suppress by a gigantic blacklist among the 3,500 large firms of the National Association of Manufacturers, every labor leader who offended him. Nearly two hundred years ago (in 1706) one Hickeringill amused himself by firing a gun on his own property to keep ducks away from the decoy pond of his neighbor Keeble. The court held,[1] and held rightly, that though Hickeringill had a lawful right to fire a gun on his own property in order to kill ducks for his own use or for any other purpose for which guns are ordinarily fired, he had no right to fire the gun merely and maliciously to deprive Keeble of possible ducks. No one can doubt the common justice of the decision. And as the social structure gets more complex, neighbors nearer, guns louder, and ducks rarer, the importance of the motive will grow, and the necessity for judging it become more imperative. Reform will come through emphasizing, not ignoring, the importance of the motive.

But all this presumes on the part of our courts greater knowledge of trade unions, wages and the history of labor than they have heretofore shown. In other words, the writer believes that there is some justice in the criticism which charges our courts with discovering malice where there is no malice, and failing to discover a legitimate interest where there is one. Take the extreme case of a strike to secure the discharge of a "scab," which is usually condemned on the ground that the primary object is to

[1] Hickeringill *v.* Keeble, 11 East., 574.

injure the non-union man. On the contrary this is usually a secondary and incidental motive. The real object is to prevent a breach of those common rules upon which the maintenance of trade unionism depends. In the last six centuries the laboring population has risen from a condition of serfdom to a state of political freedom. In this struggle for economic equality, the victories have been won by the wage-earners themselves. When they did not pursue their interest they lost their interest. When they forgot to demand their full reward, they failed to receive their full reward. They had occasional encouragement and even an occasional leader from the employing classes, but in the main they fought their way against the opposition and not with the assistance of their employers. Their weapons were the strike and the trade union. When the ponderous machinery of supply and demand was ready to give them a lift, its inertia and initial friction had to be overcome with a strike. When it had begun to thrust wages down, it was prevented from entirely degrading the wage-earner by the trade union. Always and everywhere the salvation of the working classes has been collective action; and while the wage system remains, their progress will continue to be dependent upon collective action. Every man outside of the combination weakens the combination. Nine out of ten non-unionists who receive as much as the union rate, may justly be regarded as parasites upon the world of organized labor, reaping where they have not sown, sharing the rewards but not the burdens of combination. And every

non-unionist who accepts less than the union rate makes the latter more difficult to maintain; for so far as we can determine it is not the strongest, nor the average, but the weakest and neediest laborer who exercises the most influence in determining the rate of wages. If these things are true, who can deny the immediate interest of trade unionists in preventing the employment of competitors who refuse to enter the union, and who insist upon exercising *their* right of inflicting *damum absque injuria* by lowering the rate of wages in general?

9. *Strikes and the Public Welfare:* In concluding this discussion, it is desirable to adduce certain additional evidence of a miscellaneous character, which will assist the reader in forming an opinion concerning the proper attitude of the disinterested citizen towards the strike and boycott:

(*a*) Does the strike pay the workingman? The answer of the ablest and most conservative labor leaders is that it does, and they may be supposed to know their business. The strike, they point out, often drags both employers and employees from a dangerous rut and facilitates the adoption of more efficient methods of work and production. Again, the morale of organized labor, the feeling of solidarity, is immeasurably stimulated, they believe, by the common conflict and the common sacrifices demanded in this conflict. "It is difficult to overestimate the gain from a righteous labor uprising," says John Mitchell, "and there are few moral forces more uplifting than the strike spirit that cements a vast army of crude

men."[1] More particularly they insist that strikes, recurrent strikes, are necessary to impress the employer with the power of organized labor, and prepare him for peaceable collective bargaining. In the section on statistics it was pointed out that 52 per cent. of the strikers gain all or some part of their demands. The defendants of the strike go farther and assert that both the losses and the relative frequency of strikes are greatly exaggerated. Thus we hear a great deal about the deleterious effect of strikes upon British industry. But in Great Britain, in 1902, while formal changes in the rates of wages were made affecting 890,356 persons, these changes were preceded by a strike in the cases of only 12,799 persons, less than 1½ per cent. Moreover, labor leaders and many disinterested students assert that the time lost by strikers is exaggerated. Strikes, particularly in mining where the normal percentage of unemployment is very high, merely occupy time that would otherwise be spent in enforced vacations. In the *Final Report of the Industrial Commission* (page 864) it is pointed out that although on the average of the twenty years 1881-1900, about 330,000 persons were thrown out of employment annually by strikes and lockouts, this number constituted only about 3.36 per cent. of the persons employed in industries affected by strikes. The actual time lost by strikers in this period amounted to about 194,000,000 days. However, "spread over the whole period, this loss amounts to very much less than one day per year for each adult worker. In other

[1] *Organised Labor*, p. 313.

words, the workmen of the United States have lost less time from strikes and lockouts than from the celebration of the Fourth of July or any other legal holiday * * * ." Similarly, on the basis of the figures of the Department of Labor, Mr. Mitchell calculates that the immediate loss traceable to strikes amounts to only about 3 cents per month for each inhabitant.[1]

(*b*) But however profitable the strike may be for the workmen, it is destructive enough for the rest of society, and no manipulation of statistics can argue out of existence the ills which follow in its train—the violence, the class antipathy, the bellicose employers' associations, the interruption of industry at critical moments, and the destruction of that stability and confidence upon which the delicate system of modern industry rests. The most fundamental question is, therefore, how to get rid of the strike. This question will be discussed in Chapter VIII. At this point, however, a word should be said in common fairness about the responsibility for strikes.

When we reflect upon the enormous evils of the strike, we almost invariably lay them at the door of the workingman, and turn to the trade union or the labor leader for a defence and justification. But is this logical? Just as it takes two to make a quarrel, so it takes two sides to make a strike: the wage-earner, it is true, can prevent the strike by accepting the terms of the employer, but so also may the employer prevent the strike by acquiescing in the terms

[1] *Organised Labor*, pp. 309, 310. For obvious reasons no great reliance can be placed upon statistics of the money loss occasioned by strikes.

of the wage-earner. Where the terms are incompatible, and war follows, the chief responsibility, it would seem, should be laid upon the shoulders of the party who refuses to submit the difference to an impartial tribunal. On this point, fortunately, we have definite information in the statistics of boards of arbitration. The world over, wherever these boards exist, their records show that in a large majority of strikes it is the employers that refuse arbitration. Take the statistics of France for the period 1893-1898, which happen to be at hand. Of the 581 attempts at conciliation and arbitration during that period, the initiative was taken in 22 instances by employers, in 214 instances by the workers, in 12 cases by both parties and in 232 cases by a justice of the peace. Of the 209 cases of refusal to submit to arbitration, 180 were by employers, 16 by workers, and 13 by both parties.

Now if the terms of the workingmen were in general impossible and irrational they would hardly be so ready to submit them to arbitration. Moreover, our statistics of strikes do not indicate that these terms are usually impossible. Between 1881 and 1900 inclusive, strikes succeeded in 51 per cent. of the establishments involved, succeeded partly in 13 per cent., and failed in 36 per cent. In other words the employers refused in 64 per cent. of the cases to accede to terms which subsequent developments proved they were able to grant, wholly or in part. These figures indicate that it would be just as fair, or fairer, to lay the general blame for strikes to the greed and avarice of employers as to the unwarranted ambitions

and selfishness of the strikers. *Of course the responsibility for each strike must be separately determined.* But when we indulge in general reasoning let it be placed upon the best possible footing. The employer who refuses to raise wages when his profits permit is as censurable as the employees who strike for a raise when there are no profits to be divided.

(*c*) In conclusion a word should be said about the ethics of the strike. Our law upon the strike and boycott has been made by our judges, and owing to legal conditions which need not be discussed here, our courts have been practically free to determine the legality of strikes and boycotts in accordance with what they believe to be the requirements of justice and far-sighted social expediency. The doctrine of our most advanced courts, then, may be taken to represent the verdict of public opinion upon the social and ethical aspect of these questions, and it is for this reason that so much space, relatively, has been devoted to the law on strikes and boycotts. The essence of that doctrine is the question of malicious intent and by that test the writer, at least, is perfectly willing to have the justice of every peaceable strike and boycott determined.

The doctrine of malicious intent meets with vehement opposition from the labor leaders and the attitude of our courts is severely censured. But after all, it is, in one sense, relatively unimportant. A perusal of our court decisions on labor disputes will make it plain to anyone who cares to take this trouble that dozens of combinations

are condemned on the commonplace grounds of violence, riot, ordinary assault and battery, to one that is condemned on grounds of abstract doctrine.

There can be little doubt about the prevalence of industrial violence, and no doubt at all about the injury this violence is doing to the standing and success of organized labor. When questioned on this point, labor leaders repudiate lawlessness and cite instances of the use of thugs and pugilistic strike-breakers by employers. But neither the repudiation nor the citations constitute a valid defence. If labor organizations wish to divorce themselves from the violent elements which are found in every large body of men, they must come out positively and assist by deeds as well as by words in the suppression of violence. But this, unfortunately, is exactly what most labor organizations refuse to do.[1] A few radical unions have inserted clauses in their constitutions or by-laws prohibiting members from enlisting in the militia, and noth-

[1] It is only fair to add this statement of the other side of the case from the latest report of the Chairman of the Executive Council of the National Civic Federation. "The evil that men or organizations do needs no vivifying influence. It is the good they do that can with advantage be brought into the light of publicity. For example, when funerals were picketed in Chicago, the grewsome fact was heralded throughout the land. But when a little later in the same city a local union fined one of its members for assaulting a non-union workman and furnished the witnesses to secure his conviction in a criminal court, the incident received only passing local attention and elsewhere was ignored. Again, when a union at Schenectady that had fallen under socialistic influence, expelled a member last year because he belonged to the militia, the widely published statement evoked severe and sweeping criticism of an attitude that was ascribed to unionism in general. But when, soon afterward, the annual convention of garment workers by a large majority declared its support of the militia, or when Mr. Gompers in a trenchant article defended the militia, daily journalism took no notice of the facts."

ing so arouses the resentment of labor leaders in general, as the calling out of troops in the case of strikes. With one voice they deny that their followers participate in violence, and denounce the measures which are taken to suppress violence. Nothing could be more inconsistent, and few things so injurious to the cause of organized labor. The writer has no desire to assume the pose of reading a lecture to the trade unions. They ought to know their best interests and policies far better than he. He is sure, however, of this one thing: If trade unions continue to shield, by even so little as silence and passive indifference, the "scab-slugger" and the bomb-thrower, they will eventually find the great mass of disinterested people—who are neither capitalists nor trade unionists—arrayed against them as strongly as in the past they have been arrayed in their support.

References: For the history, statistics, state laws and court decisions upon American strikes, see the *Sixteenth Annual Report of the (U. S.) Commissioner of Labor;* and for discussions of the economic and social effects of strikes, the *Final Report of the Industrial Commission,* Mitchell's *Organized Labor,* Nicholson's *Strikes and Social Problems* and Hall's *Sympathetic Strikes and Sympathetic Lockouts.* Thorough statements of the law on strikes may be found in Eddy, *The Law of Combinations;* Cooke, *The Law of Trade and Labor Combinations,* and *Report of the Industrial Commission,* Vol. XVII, Pt. IV, the last of which is in many respects the most serviceable.

Supplementary Readings:

1. The Strike:
   - (*a*) Sumner, "Do We Want Industrial Peace?" *Forum,* Vol. 8, pp. 406-416.
   - (*b*) Mitchell, Nature of the Strike, *Organized Labor,* pp. 299-315.
   - (*c*) "The Proper Conduct of a Strike," *Ibid.,* pp. 316-323.
   - (*d*) "Methods of Strikers in Labor Disputes," *Final Report of the Industrial Commission,* pp. 877-885.
   - (*e*) "Methods of Employers in Labor Disputes," *Final Report of the Industrial Commission,* pp. 890-893.

(*f*) Baker, "The Reign of Lawlessness," (In Colorado), *McClure's Magazine*, Vol. 23, pp. 43-57.

(*g*) Illegal Suppression of Strikes, *Report of the Industrial Commission*, Vol. XII, pp. lxxxv-cix.

2. Law on Combinations:

(*a*) Eddy, Fundamental Axioms, *On Combinations*, Pt. III, ch. 5, 6 and 9, pp. 115-130 and 215-243.

(*b*) Stimson, Conspiracy, *Handbook to the Labor Law of the United States*, pp. 194-222.

(*c*) Bolen, "The Injunction in Labor Disputes," *Getting a Living*, ch. XX, pp. 548-580.

(*d*) "Legal Criticisms on Extended Use of Injunction," *Report of Industrial Commission*, Vol. XVII, pp. 611-615.

CHAPTER VII

LABOR ORGANIZATIONS AND EMPLOYERS ASSOCIATIONS

1. *Definitions:* The temporary and intermittent combination of men in the strike and boycott is succeeded in time by the more permanent labor organization, and becomes one of the weapons or devices of the labor organization. The latter may be defined as a continuous association of productive workers whose principal object is the improvement of the conditions of employment. In their practical operation labor organizations fall naturally into three great groups, which we shall speak of hereafter as *labor unions, trade unions* and *industrial unions.* The labor union brings all classes of wage-earners under the same government, frequently admits employers and salaried men, and places its main reliance upon labor legislation, political activity and coöperation or socialism. The unit of the trade union on the other hand is the occupation. It is composed almost exclusively of wage-earners in similar trades, and while not always abjuring political activity, adopts as its most essential function the task of instituting collective action by wage-earners in the settlement of the terms of employment, of replacing individual by "collective bargaining," of substituting

for unregulated competition among wage-earners, action by "common rules."[1] The industrial union is a modern compromise between the other two. It aims to unite in one organization all the workers of a given industry irrespective of occupation; but in its policies and methods it closely resembles the trade union of the old traditional type.

2. *History:* There has been much discussion about the origin of the labor organization. No trustworthy authority now traces its descent from the craft gild, but authorities differ over the question whether some forms of the medieval journeymen's fraternities were not for all practical purposes trade unions.[2] The point need not be debated here. Beatrice and Sidney Webb seem to have demonstrated[3] pretty conclusively that the labor organization is a product of the capitalization of industry, which makes the barrier between journeyman and master practically impassable for the great majority of workmen. It will be remembered that this differentiation of a class of permanent employees took place very early in a few industries, but that in the main it followed the industrial revolution. If these truths be accepted, it becomes easy to harmonize the principal known facts concerning the origin of the labor organization: (a) that scattered

[1] For these terms and, indeed, much of what is best in the present chapter, the author is indebted to the works of Beatrice and Sidney Webb, *The History of Trade Unionism*, and *Industrial Democracy*.

[2] The reader will find a fair statement of the *pros* and *cons* in Prof. Ashley's paper on "Journeymen's Clubs" in the *Political Science Quarterly*, Vol. XII, p. 128 *et seq.*

[3] *History of Trade Unionism*, pp. 24-39.

instances are found as early as the fourteenth century, in which journeymen's associations seemed to exercise for a period at least the essential functions of the modern labor organization; (b) that nevertheless in the classic home of the labor organization—England—labor organizations did not become prominent and numerous until after the industrial revolution; (c) and that in other countries the labor organization did not create a real social problem until the nineteenth century. Thus the first American labor organization of which we have positive record is the New York Society of Journeymen Shipwrights, which was incorporated in 1803. This date marks with sufficient accuracy the birth of labor organization in the United States. It may be of interest to add, however, that the evidence offered in the well-known Boot and Shoemakers' case of Philadelphia (1806) makes it reasonably certain that a trade union existed among the shoemakers of Philadelphia in the last decade of the eighteenth century. But for all practical purposes the labor organization in the United States is a nineteenth century product.

The history of organized labor in the United States since the beginning of the nineteenth century is, above all else, a remarkable record of steady growth, from a condition in which there was, to our positive knowledge, not a single labor organization in existence, to a condition in which a single federation unites for certain purposes nearly two million wage-earners. This expansion has characterized every period of any extent during the century, although it has not been wholly uninterrupted.

Assuming its truth without further comment, it may prove suggestive to call attention to certain other predominant characteristics of the fairly well defined periods of development which may be distinguished.

The first quarter of the century needs no comment. It was a "germinal period," during which labor organizations are mentioned with increasing frequency, although no remarkable development occurred. The flowering period of American labor organizations occurred between 1825 and 1850. The same period in England has been aptly called the "revolutionary period," and the term accurately defines conditions in the United States. It was a time of intense intellectual ferment, to which may be traced spiritualism, Mormonism, American communism and socialism, and indeed most other "isms" with which the student of American history has to deal. Reform was in the air; the passionate campaign for the abolition of slavery was at its height; communistic experiments were in operation at New Harmony, Brook Farm and other places; while Robert Owen, Albert Brisbane and the best minds in New England were boldly preaching socialistic doctrines. All this made a deep impression upon the labor movement. Trade unions in the narrow sense multiplied rapidly, but the most characteristic development was the formation of a large number of loosely organized, semi-political associations, in which unskilled laborers, women, farmers and other employers were admitted—often, indeed, indiscriminately mixed—which dissipated their energies in the championship of woman's rights,

land naturalization, abolition; and which finally, in the attempt to reform things in general, did nothing at all. The most typical of these organizations, perhaps, were the New England Workingmen's Association, the New England Protective Union and the Industrial Congress of the United States, three closely identified associations which were organized about 1845 and became moribund a few years later. Thus ended the first attempts to found labor organizations upon enthusiasm, altruism and general social discontent.

The failure of the ambitious labor unions of the revolutionary period turned men's minds to the necessity of careful, systematic organization upon business principles, and in England as well as the United States, the revolutionary period was followed by a marked improvement in the government and administration of the trade unions proper. Old customs such as the "drink allowance" were abandoned, political affiliations were dropped, less attention was devoted to "Reform," and more attention to the improvement of the conditions of employment; most important of all perhaps, the local unions, too often antagonistic and quarrelsome, began to combine into larger and more powerful national unions. There is some reason to believe that a national union—the Silk and Fur Hat Finishers' National Association—was founded in 1843; but the first national union of which we have positive record—the International Typographical Union—was organized under a slightly different name in 1850. The interval between 1850 and 1866 may well be described as

the period of nationalization. By 1866, "from thirty to forty national and international trade unions and amalgamated societies were in evidence, some of them numbering tens of thousands of men."

The score of years between 1866 and 1886, beginning with the formation of the National Labor Union, contemporaneous with the meteoric rise of the Knights of Labor, and ending with the reorganization and rejuvenation of the American Federation of Labor, was above all else a period of amalgamation. There was a modified revival of the spirit that had marked the second quarter of the century. In 1866 the labor organizations of the country united in the formation of the National Labor Union This organization made an auspicious start, but soon passed from the consideration of arbitration, hours of labor, strikes and other labor problems, to the endorsement of wild schemes of irredeemable paper money, became involved in politics, and then perished. In 1868 it is said to have had an aggregate membership of 640,000. "Its convention at Cincinnati in 1869 showed a marked decline, and an insignificant meeting at St. Louis in 1870 barely called attention to its death." The task of the National Labor Union was taken up by that wonderful organization, The Noble Order of the Knights of Labor.

We shall not linger over the absorbing story of the rise of the Knights of Labor from a little local union of seven garment cutters in 1869 to a vast amalgamation of more than 600,000 members in 1886, the year of its greatest power and influence. The real significance of the history

of the Knights of Labor lies in the aims, the policies and the structure of that organization. In government it was more highly centralized, perhaps, than any general labor organization that has ever existed for any considerable length of time. Its general executive board, to illustrate by a brief statement, could suspend any local officer or member, revoke any charter, and by a unanimous vote, terminate any strike, general or local. In structure it was a polyglot. It began as a trade union, but soon introduced mixed assemblies in which members of any trade were received; incorporated in its ranks employers, professional men, in fact any person over sixteen years of age not a lawyer, banker, professional gambler or liquor dealer; and amalgamated these potentially discordant elements into district assemblies and finally into a national organization from which local autonomy of any sort was practically eliminated. Lastly, the official policy of the Knights of Labor was to discourage strikes and boycotts and place the main reliance upon political action, coöperation and education. Back of its structure, government and policies was the inspiring theory that mechanical inventions are making the skilled trades increasingly dependent upon the lower grades of unskilled labor, and that the laboring classes must be elevated *en masse* or not at all. "That is the most perfect government," the official motto asserts, "in which an injury to one is the concern of all."

The period from 1886 to the present time marks a decided, though possibly a temporary, victory for the trade

union as opposed to the labor union, for federation as opposed to amalgamation. The Knights of Labor declined, at first slowly and then with headlong rapidity. First they became involved in extensive strikes and costly coöperative schemes, the failure of which damaged the prestige and drained the treasury of the order. Then their peculiar organization brought them into an inevitable conflict with the strict trade unions, whose cause was taken up and vigorously championed by the Federation of Labor. And as the Knights declined, their political entanglements became more marked. In 1896 free silver was endorsed; in 1898 expansion was condemned; and in 1899 William McKinley was officially recognized as the "bitter enemy of labor."[1] In 1900 a quarrel arose among the officers of the organization, which had to be taken to the courts for settlement, and to-day the Order is little more than a name.

Its decline was contemporaneous with, and in a large measure due to, the growth of the American Federation of Labor. The latter was organized in 1881 as the Federation of Organized Trades and Labor Unions of the United States of America and Canada, and included 95 organizations having a combined membership of 262,000. From 1881 to 1886 the Federation declined rather than progressed, but in the latter year it reorganized under the present title, and undertook a vigorous defence of trade-unionism as opposed to the centralizing tendencies of the

[1] No judgment concerning the justice of these measures is meant to be conveyed. Wise or unwise, the simple fact is that they played an important part in bringing about the downfall of the Order.

Knights of Labor. After 1886, the Federation grew steadily, with some loss in membership during the industrial depression that began in 1893, and after prosperity returned increased by giant strides until at the end of 1903 it had a combined membership of nearly 1,800,000.

In organization and policy the Federation has been the very antithesis of the Knights of Labor. In structure it is a confederation, dealing with unions or local federations whenever possible, carefully refraining from the slightest infraction of the autonomy of its constituent unions, and confining itself to those objects which all labor organizations have in common, namely: the maintenance of a labor press, the passage of favorable labor legislation, the amicable settlement of disputes between unions, the more extended use of the union label and the "unfair list," and most important of all, the complete organization along trade lines of the entire body of wage-earners. On the other hand, the Federation has consistently refrained from partisan politics, and while endorsing voluntary conciliation and collective bargaining, has just as consistently defended the right and expediency of a measured use of the strike. In short it gives free play to an enlightened self-interest in the individual trades, while supplying a ready instrument for the accomplishment of those aims which can safely be prosecuted in common.

This attenuated outline of the development of the American labor organization, while emphasizing what is probably the most important problem of labor organization, needs to be supplemented by the reader from other

sources. Since the Civil War a powerful labor press has been established; the railroad brotherhoods and a few other unions have created efficient labor lobbies and infinitely improved the auxiliary feature of union insurance; the strike has been placed on a business footing, the boycott systematized, and an extensive system of collective bargaining created, until, at the present time, probably an immense majority of the general changes in the terms of employment are peaceably accomplished by collective bargaining; in very recent years, the rapid formation and confederation of hostile employers' associations has led to an anti-labor movement whose reaction upon the labor organization will not improbably furnish the keynote of the labor movement during the first quarter of the twentieth century. Some idea of the extent and rapidity of the development can be gathered from the following table, which shows with approximate correctness the growth of the aggregate membership of labor organizations in the American Federation of Labor, the State of New York, and several foreign countries. At the beginning of 1904 the total membership of American labor organizations was probably not far from 2,350,000; about 1,750,000 in the Federation of Labor (dues were paid on 1,745,270 in September, 1903), and 600,000 in the railroad brotherhoods and other organizations not affiliated with the Federation.

3. *Historical Lessons:* The history of the labor organization proves a few points conclusively, such as the intimate dependence of the prosperity of labor organiza-

Number and Membership of Labor Organizations

Year	New York		American Federation of Labor[1]		United Kingdom		France		Germany	
	Organizations	Membership	Organizations	Membership	Organizations	Membership	Organizations	Membership	Social Democratic Membership	All Organizations Membership
1890	....	....	....	199,500	....	....	1,006	139,692	....	....
1891	....	....	....	199,100	...	....	1,250	205,152	287,659	....
1892	....	....	....	228,400	1,192	1,503,298	1,589	288,770	244,734	....
1893	....	....	....	245,900	1,240	1,480,291	1,926	402,125	229,810	....
1894	860	157,197	....	176,300	1,279	1,437,025	2,178	403,440	252,044	....
1895	927	180,231	....	207,100	1,299	1,408,486	2,163	419,781	269,956	....
1896	962	170,296	....	278,500	1,314	1,495,476	2,243	422,777	335,088	....
1897	1,009	168,454	....	265,800	1,306	1,613,753	2,324	437,798	419,162	....
1898	1,087	171,067	583	279,000	1,277	1,649,461	2,361	419,761	511,242	....
1899	1,320	209,020	999	350,400	1,270	1,803,897	2,685	491,647	596,419	864,350
1900	1,685	245,381	1,355	550,300	1,252	1,910,614	3,287	588,882	690,287	995,435
1901	1,871	276,141	....	789,500	1,236	1,922,780	3,680	614,204	686,870	1,008,365
1902	2,229	329,101	2,030	1,025,300	....	....	....	....	743,296	1,092,642
1903	2,587	395,786	2,438	1,465,800	....	....	....	....	....	....

[1] The figures representing the membership of the American Federation of Labor up to 1896, are estimates made by the Industrial Commission, on the basis of the voting strength of the organisations represented in the annual conventions of the American Federation of Labor, and are probably too small. The figures for 1896-1903, inclusive, are the official estimates of the average annual paid-up membership, excluding duplicates. The actual membership of these organizations is undoubtedly greater than the membership upon which they pay dues. Continental labor organizations are quite different from American and English trade unions, and the foreign figures should not be used without an understanding of these distinctions. An account of the labor organisaions of the various countries of the world may be found in *Die Gewerkschaftsbewegung* by W. Kulemann, Jena, 1900.

tions upon general industrial prosperity, the great advantages of an auxiliary insurance system—particularly the out-of-work benefit—and the possibility of successful unionism without either monopolistic exclusion, violence or socialism. In certain more important problems, while it proves nothing conclusively, it does establish serviceable rules from which departure should be made only after the most exhaustive proof that the policies which have repeatedly failed in the past, will not again lead to disaster.

(*a*) First of all, among the working rules derived from experience is the danger of direct participation in partisan politics. This danger has been exemplified in the slight historical sketch given in the preceding pages. In Germany even the unions founded by the social democrats have found it necessary to divorce their political from their trade activities, and in 1900 Bebel himself, the leader of the Social Democrats, emphatically declared that "politics ought to be driven out of the unions." The Knights of Labor in the past, and the American Labor Union of to-day emphatically reject this rule and maintain that the greatest victories can be secured only through political action. The writer does not presume to deny this contention. What is historically indisputable is that direct political activity is excessively dangerous and difficult. Now obviously, the labor organization cannot escape from political connections of some sort. It must secure favorable legislation, and defeat adverse legislation. Admitting the important political interests of organized labor, however, past experience seems to

teach unequivocally that labor organizations have far more to gain by manipulating legislatures and political parties as other social institutions do, than by direct participation in politics. A labor party, so completely independent of the trade unions as not to involve the latter in its own defeats,[1] might possibly prove advantageous to the wage-earning classes. This possibility need not be discussed here. What past experience teaches is first that the trade union pure and simple is capable of rendering invaluable service to the wage-earning classes, and second, that when a trade union becomes a political club it ceases to be a successful labor organization.

(*b*) The decay of the Knights of Labor, the New England Workingmen's Association and other similar labor unions is to be charged in part to the undue elevation, as well as the superabundance, of their ideals. It is an unpleasant charge to bring against any institution, this reproach that it aimed too high to be serviceable. But the truth is that the trade union of to-day is a commercial organization, not an ethical society; its function is business, not discussion; and business—bargaining—is now its fundamental *raison d'être*. It began in the eighteenth century as a provident and social club, assisting wandering journeymen in their travels, and offering to resident members an opportunity and excuse for relaxation. Down until 1840 in England, a third of the income of

[1] A safe and ingenious method of political participation through an independent organization has recently been introduced in England in the Labor Representation Committee. A short description of this organization may be found in the New International Encyclopedia, Vol. X, p. 863.

certain trade unions was by rule devoted to drink, and the president, selected by rotation or lot, was distinguished principally by the privilege of making "his own choice of liquors, wine only excepted." To-day the moving spirit of the local union is the business agent, and many of the most powerful unions thrive with little attention to friendly benefits. It makes a stirring story, this gradual transformation of a friendly club into a powerful commercial organization selling labor by wholesale, a story too that is undoubtedly authentic, though its details can not be presented here. But so the story runs, and its conclusion alleviates the disappointment one inevitably feels in recounting the failure of organizations like the Knights of Labor whose ultimate ideals were so winning and inspiring. For the present function, *par excellence*, of the labor organization is collective bargaining, and collective bargaining, it is believed, is the inevitable precursor, historically speaking, of the era of industrial peace.

(*c*) Finally, the failure of the Knights of Labor and similar organizations seems to prove, or establishes a strong presumption, that the fundamental unit of labor organization must be a trade or industrial body, and that the necessary combination of these trade societies must take the form of federation, not amalgamation. The Knights of Labor, it will be remembered, admitted employers, salaried men and foremen; in a large number of its constituent unions mixed these ingredients with wage-earners of all trades, and governed the whole body

from above. Its experience shows that amalgamation and such centralization of government are dangerous if not necessarily fatal. Different trades, and *a fortiori* employers and employees, do not have the same interests, and where their interests conflict can not be forced to combine successfully. The sovereignty must rest in the constituent union, the federation must confine itself to those interests alone which all labor organizations have in common, and in particular, it must give free rein to the members of each trade to avail themselves of the opportunities and resist the evils peculiar to the trade. But in these topics we are touching on the problems of organization and structure.

4. *Government:* The details of union government and structure are so overwhelmingly complex, and in their general outlines so familiar, that they will have to be omitted in order to make space for one or two larger problems of union government which vitally affect the general public welfare.[1]

Historically, the governmental unit of the labor organization seems to have been the local trade club, an association of the workers of one trade in a particular locality, although in a few trades the workers in each establishment were grouped into shop clubs or sub-locals, such as the "chapels" among the printers, which were—and still are—charged with important administrative functions. But with the growth in the feeling of solidarity among

[1] Abundant material upon union government and structure may be found in Vol. XVII of the *Report of the Industrial Commission*, pp. xv-xxxii, 1-824, 821-857.

working people, and with the increased mobility of labor following modern improvements in transportation facilities, there came an inevitable expansion of the unit of government, accompanying these changes in what might be called the competitive area. The real unit became the national group of workers in the trade, or even the workers of several nations if real competition existed over so wide an area, and at present, instead of local clubs uniting to form national unions, we have national bodies deliberately organizing locals in places and trades where they have not previously existed. The local is at present rather the creature than the creator of the national.

However, this expansion of the governmental unit has not yet worked itself out completely, and we are still in an intermediate stage. The sovereignty is divided. Thus, most national unions may levy assessments, and direct or check strikes. But only in one or two unions like the United Mine Workers, is the power of assessment even theoretically unlimited; while with the exception of the United Mine Workers, the Broom Makers, the Iron, Steel and Tin Workers, and three or four others, no American national can force a local to strike against its will, or punish it adequately for inaugurating a strike without the national sanction. The average local still retains very extensive powers in theory, and in many unions is almost autonomous in practice. Nevertheless the powerful unions in general are those in which the national government is strong, and as the insurance benefit system is slowly spreading, and the competitive area gradually

widening, there is every reason to believe that the power of the national will increase.

This movement is a very encouraging one, because the increase in the power of the national means, in most cases, an increase in the power of the national administration, and the national officers are usually very superior men. This is best shown in the emergence of a group of honest, efficient union leaders exercising powers which were virtually unknown half a century ago in the United States. Many of these officials are retained in office practically during good behavior. Thus Mr. Powderly was General Master Workman of the Knights of Labor from 1879 to 1893; Mr. Gompers has been at the head of the American Federation of Labor since 1882 with the exception of three years; and Mr. Arthur was the executive of the Locomotive Engineers from 1874 until his death in 1903. This permanency of tenure and one-man power is irrespective of the kind of government: it has occurred alike in the centralized Knights of Labor, and the decentralized Federation of Labor; among the highly paid locomotive engineers and the poorly paid coal miners; it is merely another illustration of the unimportance of structure when compared with personnel.

5. *Structure and Organization:* It is almost needless to say that as the unions increased in number and power, a great variety of federations were formed. First of these federations in point of time were the trades alliances or municipal federations, often called "centrals" or "city centrals." Then came the state or district federations,

for the purpose of looking after labor legislation, settling inter-union quarrels, etc., within the limits of the state or some larger district. There followed—no exact chronological order can be discerned here, however,—the industrial federations generally, some, like the National Building Trades Council, charged with the settlement of virtually all those larger questions which affect all the trades of a given industry, others confining themselves strictly to one or two specified functions like the maintenance of a joint lobby or the combination of forces in case of strikes. One of the most recent forms of industrial federation is the alliance between the employers and employees of a given industry, for the common increase of wages and profits through monopolistic control of prices. Finally we have the general federation of trade unions covering an entire country, like the American Federation of Labor.

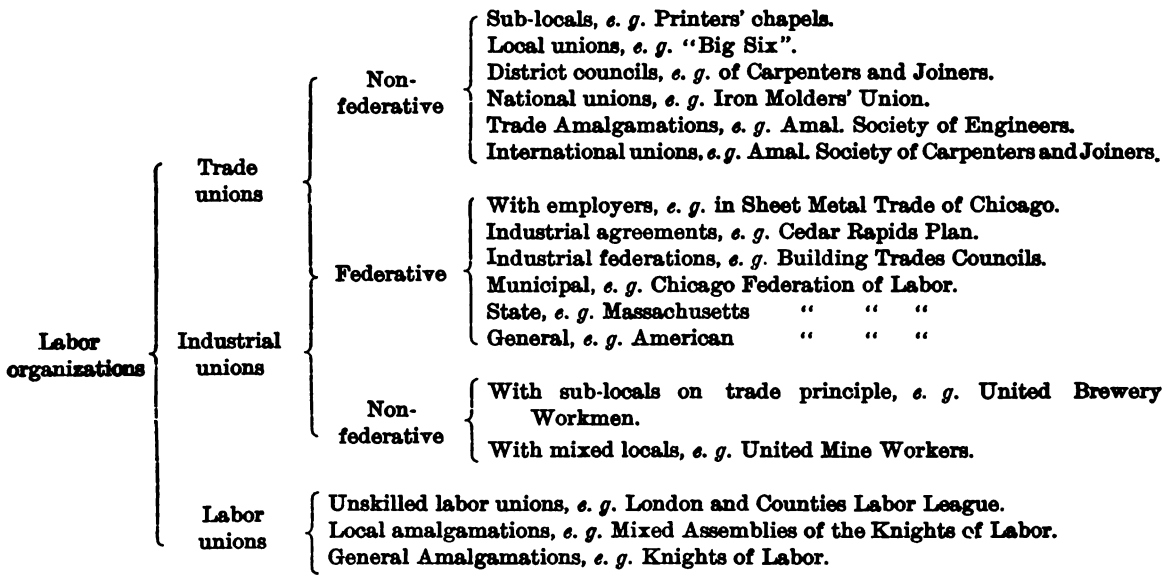
Throughout the whole of the period in which trade unions were expanding and federating, a different and partially antagonistic force was at work—the feeling that trade unionism means trade selfishness, and that the whole laboring population should be united in a strongly centralized union in which the power of the skilled artisans could be used to protect and support the weaker classes of unskilled labor. It was this desire for amalgamation which led, in the United States, to the formation of the labor union, as distinguished from the trade union. Amalgamation in the labor union assumes different forms. In some cases, *e. g.*, the Knights of Labor, the trades are

mixed in the local unions, as well as in the national organization.[1] In other cases, trade unions are incorporated in such a way as to preserve their individuality, although, of course, trade autonomy is destroyed by the centralization of power in the general government.

As has already been pointed out, the labor unions differ from the trade unions not only in structure, but in tactics and policy as well. In very recent times a third class of unions has appeared which differ from the trade unions in structure, but pursue the old traditional trade-union policies, and fraternize with the trade bodies in the American Federation of Labor. These are the so-called industrial unions or "industrials," in which all the workers in a single industry, irrespective of trade, are grouped together under the same government. Some of the industrials, like the United Mine Workers, merge the different trades in the local unions; others, like the United Brewery Workers, form local trade units, but amalgamate them in the national organization. The essential difference between the industrial and the labor union, however, is illustrated by the fact that the industrial unions are just as jealous of industrial autonomy as the trade unions are of trade autonomy. The several classes of industrial unions, together with those previously described and a few other species, are grouped together in the following classification:

[1] The mixed local or federal union is also employed by the Federation of Labor as a temporary "recruiting station" for the trade unions, in occupations or places where for various reasons trade locals can not at the time be organized.

Classification of Labor Organizations According to Structure and Jurisdiction



6. *Jurisdiction Disputes:* With so many principles of organization in vogue, conflicts of jurisdiction must inevitably occur, and these conflicts constitute not only the most dangerous problem to the world of organized labor, but a serious menace to the industry of the country at large. Even President Gompers himself has been forced to confess not only that the jurisdiction dispute threatens "the very existence of the American Federation of Labor," but that it has aroused "the most bitter feuds and trade wars," through which in many instances "employers fairly inclined towards organized labor have been made innocently to suffer from causes entirely beyond their control." In fact this whole chapter might easily be filled with instances of great industries like the Tyneside shipbuilding industry tied up for months by trivial quarrels between plumbers and machinists as to which trade had the right to handle iron pipes of a certain size, or of great building operations suspended for months while a New York and a Newark (N. J.) union decided which organization should have the work on a Newark building whose electrical fitting up had been undertaken by a New York contractor. But these dramatic and gravely important details must be omitted, to give space for an analytical statement of the nature of the evil, that will furnish some idea about the possibility and method of its cure.[1]

[1] For a detailed description of representative jurisdiction disputes see the *Twenty-fourth Annual Report of the Bureau of Statistics of New Jersey*, pp. 408-424; *Reports of the Industrial Commission*, Vol. VIII, pp. 325, 336, *et passim*.

Jurisdiction disputes are of four distinct types: (a) *Territorial disputes* in which rival or "dual" unions quarrel about the control of a certain territory. Thus the American Labor Union bitterly resents the organization of unions by the Federation of Labor in the territory west of the Rocky Mountains. (b) *Demarcation disputes,* in which two or more trades lay claim to certain kinds of work which may be performed by either. This is the commonest form of the jurisdiction dispute; the machinists and plumbers, the carpenters and wood workers, the structural iron workers and the architectural iron workers, for example, are constantly quarreling over work lying midway between each pair of trades. (c) *Organization disputes:* These are of two varieties. The first arise from the increasing specialization of work as industry develops. Thus the printer's trade was originally a homogeneous one and the Typographical Union lived in peace and harmony, but as the pressmen, bookbinders, stereotypers, electrotypers, and linotype machinists were differentiated, each class endeavored, and in most cases succeeded, in setting up an independent union. Independence, however, was usually secured only after a series of the most stubborn conflicts between the more extensive and the less extensive union, concerning the autonomy of the latter. (d) The second class of organization disputes has given rise to the much discussed problem of industrialism versus trade autonomy. Many of the most powerful American unions attempt to unite all the workers in a particular industry. This inevitably

causes trouble with the sectional unions of the trades represented in the industry. Thus the Brewery Workers have quarreled continually with the coopers', the painters', and the teamsters' unions; the United Mine Workers have had trouble with the Stationary Engineers; in fact, the proceedings of the American Federation of Labor are crowded with demands for the settlement of disputes between industrial and trade unions.

Many remedies for the jurisdiction dispute have been proposed. The Federation of Labor, the National Building Trades Council and other organizations require all unions, before affiliating, to file a *jurisdiction statement* describing with all possible exactness the kind of work over which they claim jurisdiction. The jurisdiction statement, however, has accomplished little or nothing, for the very obvious reason, among others, that it cannot anticipate the new kinds of work which invention and changes in industrial methods are constantly creating. Moreover, it supplies no remedy for the territorial and organization disputes.

Amalgamation is the sovereign remedy proposed by another group of unionists. Of course, if there existed a successful general union like the Knights of Labor, amalgamating all the trade and labor organizations of the world, the central government would be able to settle every sort of dispute which could arise. Moreover, it is not really necessary from the present standpoint that the amalgamation should cover all the trades of all the world; it is only necessary that an amalgamation should exist in

each group of related trades between which demarcation disputes arise, for each district or group of states throughout which wage-earners actually compete for work. Amalgamation, however, has never proved practical in the past, whatever it may do in the future. Its essential defect is that it deprives the workers in a particular trade or industry from taking quick advantage of special industrial opportunities of improving the conditions of employment. Moreover, as Mr. and Mrs. Webb point out, "experience seems to show that in no trade will a well paid and well organized but numerically weak section consent to remain in subordination to inferior operatives, which any amalgamation of all sections of a large and varied industry must usually involve."

Extreme opponents of amalgamation find a remedy for the organization disputes, at least, in the extirpation of industrialism and the complete application of the trade principle of organization. The industrial union undoubtedly has its faults. Highly paid artisans are subordinated, because of inferior numbers, to miners and breaker boys in the Mine Workers' Union; in the Typographical Union the pressmen and bookbinders, before their secession, continually complained that their measures were voted down by the compositors, who were in a large majority. But on the other hand, the industrial organization possesses notable advantages both for employers and employees, particularly in strikes and collective bargaining. Representatives of the employers may, in conference with officers of a single union, arrange the

terms of employment for all workers in that industry. And industrial organization indefinitely increases the aggressive strength of the employees. A single edict from the union's headquarters will tie up the whole industry; and employers who would find it a comparatively easy matter to replace workers of a single class, say miners, find it impossible to replace the whole working force, including the highly skilled hoisting engineers and firemen. Moreover, trade organization is characterized by this important defect: a strike on the part of a small and insignificant union may throw out of employment a much larger group of workers. Thus, in 1901, over 50,000 miners were compelled to stop work by a strike among the stationary firemen in the mining industry, who probably numbered less than 2,000 persons. This could not occur against the will of the majority in an industrial union. The industrial union has undoubtedly come to stay, and in some way the best features of both the industrial and the trade union must be preserved.

There is no single or simple remedy for the jurisdiction dispute. It can only be eliminated by a number of modifications in organization, which, although they will make the ultimate structure of the world of organized labor far different from its present form, are even now plainly in process of consummation. The quickest way to describe the remedy for jurisdiction disputes, is to outline the ultimate form of labor organization.

(a) The fundamental unit must plainly possess the virtue of homogeneity: the members that are brought into

closest association must be people of similar social standing, income and standard of life. These conditions are fairly well fulfilled by the trade union of the old type, and the trade union will undoubtedly persist, retaining as its particular functions the maintenance of the employment bureau and benefit system, the regulation of apprenticeship and industrial education, the fixation of wages, hours of labor, etc. (β) For the settlement of demarcation disputes and for wide combination in strikes, the trade unions will undoubtedly unite in industrial federations such as the National Structural Trades Alliance, designed particularly to settle demarcation disputes. We have at the present time industrial organizations varying all the way from the loosest federations to the most compact amalgamations. The amalgamated industrial union will probably not continue as such, but, like the Typographical Union, will divide up into a number of trade unions on the one hand, and on the other, widen out into a larger and more powerful industrial federation. Many of the industrial federations of the present day have lacked cohesion, solidarity and authority. This will probably be remedied by giving them control of the strike or defense funds.[1] The best way of securing the power of a federation is to invest its members with some pecuniary motive for obeying its commands. The trade union, perhaps, will not be absolutely prevented from striking, but

[1] A fair illustration of the kind of industrial organization here contemplated is found in the International 'Longshoreman, Marine and Transport Workers' Association, described by Mr. Ethelbert Stewart in *The Commons* for April, 1904.

if it desires assistance or strike pay, it will have to secure the sanction of the industrial federation. (۲) The industrial federation will do away with most of the demarcation and organization disputes, but to insure the speedy termination of all jurisdiction difficulties, particularly territorial disputes, there will have to be an all-embracing general federation, fashioned on the lines of the American Federation of Labor, but courageous enough to insist that jurisdiction disputes be settled promptly, either by voluntary agreement between the warring unions, or by compulsory arbitration from without. Up to the present time the American Federation has scarcely been powerful enough to take this positive stand, and its attitude towards jurisdiction disputes has been vacillating and inconsistent. But it is fast acquiring the necessary power, and at an early date it will undoubtedly be forced, in behalf of the good repute of trade unionism in general, to take a positive stand on this matter. Recalling the various municipal, state and legislative federations now in existence, and the possibility of auxiliary political organizations of laborers, it appears that the ultimate structure of trade unionism will probably be exceedingly complex, composed of a number of cross-cutting federations, each distinct and independent, but all of them formed, as it were, of the same material.

7. *The Economic Justification of Labor Organization:* It is often stated that the political economy of the past was "against the trade union." There is more error than truth in the statement. The majority of economists have

never been "against the union," and to-day professional economists are practically unanimous in maintaining the usefulness and even the necessity of rationally conducted unions. The explanation of their attitude is found in a general recognition of the fact that free competition in the purchase and sale of labor is ordinarily restricted and in many cases practically suppressed by custom, ignorance, immobility of labor and a number of other familiar conditions; so that the price of labor does not even tend to be definitely fixed at a particular point, as is the price of certain staple commodities. In other words the bargain between the employer and the laborer is indeterminate so far as the semi-impersonal or objective forces of the market are concerned, and consequently within certain limits the seller will get more or less according as his power of higgling is great or little.

Precisely how these limits are fixed which enclose the "debatable land" where higgling reigns supreme, it is impossible to describe in a few sentences. With a proper understanding of the terms, however, it is not misleading to say that under ordinary circumstances the minimum wage of the laborer will be determined by the standard of life of his time and trade. A skilled electrician will not work at his trade for the wages of a day laborer: he will prefer to walk the streets or do the work of a day laborer. On the other hand the maximum limit, the highest offer of the employer, can not exceed the net value which the laborer is capable of adding to the output of the establishment. In other words, the upper limit is fixed by the

productivity of the worker. Of course, the minimum selling price of the laborer is not fixed and rigid. It may be subtly depressed in a long period of years by continual hard times and an insidious undermining of the standard of living. Nevertheless at any given time it is a very real and very important barrier against gross reduction of wages. So also, the productivity of the laborer is measured not by his gross output, but by his gross output minus a fair allowance for the other factors of production, and in particular a fair profit for the employer. By "fair profit" we mean simply that amount of gain or recompense that under existing conditions is required to keep the employer in the business and induce him to replenish plant and capital as they are exhausted by time and use.

There is then an indeterminate share in the product of industry which goes to the factor possessing the greatest bargaining power. Successful bargaining depends largely upon two attributes, commercial instinct in estimating the highest bid that your antagonist can make, and the material power of holding out until he is forced to make that bid. It needs no discussion to show that the isolated laborer is woefully lacking in both these attributes. He does not know what the employer can afford to bid, and his material wants are so pressing that he can not afford to hold out until the employer's most liberal terms are forthcoming. "In the long run," said Adam Smith, "the workman may be as necessary to his master as his master is to him, but the necessity is not so immediate."

These facts are generally accepted as sufficient proof of the necessity of combination among workingmen. They must select their keenest representatives to do their bargaining—that is to say, they must have business agents, walking delegates; they must accumulate reserve funds whereby to support themselves during those protracted "try-outs" which are necessary to bring stubborn bargainers to an agreement—that is to say, they must have insurance and strike funds, or some equivalent. To elevate the upper wage limit, they must improve the productive power of the worker by education, increased leisure and all the devices that make for greater efficiency; to strengthen the lower limit, they must give definiteness and tenacity to the vague standard of life, by adopting common rules respecting wages, hours of labor, etc.; and, finally to protect themselves against unhealthful factories, dangerous machinery, and other evil conditions of employment, they must secure legislation regulating these multifarious details, about which it is hopeless for the individual laborer to even think of bargaining, and which, because of the necessities of industrial competition, are best remedied by wide, uniform rules affecting all producers alike.

At any given time then, the labor union has a useful and necessary function to perform in strengthening the bargaining power of the laborer. It is obvious, however, that the good which the labor organizations can accomplish by collective bargaining, will be indefinitely multiplied when they coöperate in elevating the limits within

which bargaining operates, by raising the standard of efficiency of the laborer, facilitating the invention and introduction of labor-saving devices, and maintaining that security and tranquillity which are conducive to the free investment of capital. *Per contra*, the good effects of collective bargaining may plainly be negatived by resisting the introduction of machinery, by undermining the standard of efficiency through underhand restriction of output, by harassing and intimidating capital through needless strikes, violence or petty opposition, or by monopolistic restriction of numbers which aims to increase wages in one trade by decreasing the normal supply of labor.

The trade union to be successful does not need to be monopolistic. As a matter of fact the best and most successful trade unions are those that are least monopolistic in their methods and policies. *Above all else it should be noted that a vitally important distinction exists between monopoly and monopolistic methods.* The smallest, meanest and most insignificant labor unions are often the most exclusive and most monopolistic in their methods; while great national organizations, like the Brotherhood of Locomotive Engineers, which have succeeded in attracting into their ranks practically all the workers of a given trade in the country, frequently thrive and flourish with the broadest and most tolerant policies. Combination, then, may be useful, even though it be not complete; and complete combinations are not to be condemned merely because they are potential monopolies. In labor as well as in industrial combinations, it is monopolistic action and

not potential monopoly, that requires suppression by law and public opinion.

8. *Methods and Policies:* The most superficial examination of labor organizations as they now exist, is sufficient to show that many of them do thrive without anything approaching a complete combination of the workers in their respective trades. On the other hand, it is just as evident that practically every trade union, like every trust, is anxious and eager to effect a complete combination. The reason is evident. The first and most essential function of the labor organization, as has been shown, is collective bargaining; and the ease and effectiveness of collective bargaining increase directly with the proportion of effective competitors included in the combination. Without dwelling upon these obvious facts, we may pass to the methods by which labor organizations attempt to make their combinations complete.

(a) *Inclusive Methods:* The most natural way to establish complete control is to induce all the workers in the trade to join the union; and the great majority of American unions prosecute this work vigorously and incessantly. In inducing non-union men to enter the fold both persuasion and coercion are used. The coercive action expresses itself generally in the familiar strike or boycott against the employment of non-union men. The justification of this attitude has been discussed in the chapter on strikes. Here it is sufficient to say that the feeling against the non-unionist is as universal as it is deep; that nearly all unions oppose the employment of non-union

men by every legitimate means within their power, and that the "closed shop," either as a practical rule of action, or an immediate ideal, is deliberately sanctioned by an enormous majority of trade unionists. The persuasive work, on the other hand, takes the form of systematic organization, for which large sums are expended. Thus the United Mine Workers, in 1902, kept twenty salaried organizers in the field in addition to a large number of special organizers who were paid a special fee for every local which they organized. The American Federation of Labor employs a much larger force of organizers, and almost all the national unions have at least one officer who is specially charged with this work, frequently the vice-president. In criticising the monopolistic spirit of trade unions, then, it should be borne in mind that the great majority of unions maintain an attitude of cordial invitation to the qualified workers in their respective trades.

(b) *Exclusive Methods:* The completion of a combination may evidently be facilitated by reducing the number of workers, and in consequence most unions supplement their "cordial invitation to join" with certain measures which in one way or another tend to reduce the number of capable craftsmen. These measures fall naturally into two groups, those regulating the entrance to the trade, and those restricting the membership of particular unions. It is necessary to consider these in some detail.

(1). Entrance to the Trade. Trade unions endeavor to regulate the entrance to the trade in a variety of ways. Occasionally, but very occasionally, they enforce rules

concerning promotion or progress within the trade. Similarly, one or two trades attempt to prohibit or at least discourage the employment of women, as do the Upholsterers, who forbid their members to work in any shop that employs women except as seamstresses. But for the most part, the trade unions have frankly accepted the general employment of women as inevitable, and are now bending their energies to the organization of women, so that where they compete directly with men, they will be governed by the same standard rates and common rules. The important policies in this connection deal with the regulation of apprenticeship.

The general facts with regard to the regulation of apprenticeship are discussed in Chapter XI, where it is pointed out that except in a few trades the regulation of apprenticeship by the union is a failure. This failure is probably a good thing from the standpoints both of the trade union and the general public. The apprentice regulations are not framed with the prime object of improving the industrial education of the young workman, and they have no general effect in suppressing boy labor or preventing the replacement of adult workers by children, because when boys are prevented from learning in the few union shops in which apprenticeship is regulated, they simply press into the non-union shops and the unorganized trades. The limitation of child labor can only be accomplished by general legislation, in the enforcement of which, however, the trade unions might be far more helpful than they now are. Again, the few unions which

have acquired sufficient power to regulate apprenticeship, often display a strong disposition to restrict unduly the number of apprentices. With an apprenticeship term of three years and an allowance of one apprentice to ten journeymen, the present force of journeymen would gradually die out, since the average working period of the laborer is certainly less than thirty years. Finally, and this fact seems conclusive, the regulation of apprenticeship is not necessary to the successful working of a trade union. In England, the cotton and coal mining industries may be cited as examples of "open trades" in which the unions are unusually successful. while in the United States the railway brotherhoods, the United Mine Workers, the Carpenters and Joiners, and, in fact, most of the large unions, are in practice, if not in theory, completely "open."

(2). Restriction of Membership. Trade unions not only attempt to restrict the entrance to the trades, but they sometimes restrict the entrance to the unions, and as the locals in nine unions out of ten, perhaps, have complete autonomy with respect to the admission of new members, this exclusiveness may become as complete as the local unions desire. The legislation of the national unions, however, throws some light upon the general attitude of trade unionists towards this subject. Of 94 national unions which the writer has investigated, 20 have passed no provisions relating to admission of members, 38 provide merely that the applicant must be a competent workman, 18 require that the applicant shall have served

in the trade three or more years, 15 require a similar term of two years or less, 14 specifically prohibit the admission of employers, foremen or other persons empowered to discharge workmen, 11 specifically permit their election under certain conditions, and 7 confine the membership to white persons. About 10 refuse admission to workmen directly interested in the liquor business, 4 explicitly disavow discrimination on account of color or nationality, and 3 openly discriminate against foreigners. Thus the American Flint Glass Workers charge ordinary entrants an initiation fee of $3, but foreigners are required to pay $50, must declare their intention to become citizens, and can be elected only by a majority vote of the whole membership. A few local unions such as the Marble Workers and Marble Polishers of New York City restrict the membership by charging an excessive membership fee, $100 in these cases. With respect to tendencies, the writer's opinion is that the admission of employers, the imposition of excessive entrance fees, and the discrimination against foreign unionists, are usually condemned and are generally decreasing, but that the movement is towards the segregation, if not towards the greater exclusion, of negro workmen.

The cases are rare in which a union deliberately refuses to receive a body of competent workmen, and then boycotts them as "scabs." As a rule they can only occur when a national or local union has made some arrangement with employers by which the latter agree to employ none but union men, and the exclusion can be successfully

maintained only so long as the employers abide by this arrangement. As employers are usually very anxious to become independent of any particular union, and as the sympathy of the trade union world is generally with any body of capable workmen who desire to become unionists and are refused the opportunity, this policy is usually found in practice to be, as one would expect, suicidal.

(3). The New Trades Combination. Occasionally, however, employers enter heartily into this policy of exclusion and attempt to found an industrial monopoly on the basis of a labor monopoly. Joint monopolies of this kind were introduced in the Birmingham bedstead trade about 1890, but have just begun to attract attention in the United States. The scheme as it was formally worked out in Birmingham, centered around a joint wages board composed of representatives from an employers' association and representatives from a union of the operatives in the industry. Prices for the whole industry were to be fixed by this board, and wages were to vary directly with prices, although not in the same proportion. The employers' association agreed to employ none but union workmen, and the operatives' union agreed to work for no manufacturer who refused to abide by the official price list. It was an alliance, offensive and defensive, for the maintenance of the Standard Wage and the Standard Price. The New Trades Combination, as it was called by the author of the scheme, was adopted in a number of Birmingham industries, but has recently been abandoned in all but two unimportant industries, because

of the expense of paying wages to the idle workmen of recalcitrant employers who refused to abide by the official price list.

One of the most instructive attempts to establish an industrial monopoly upon a labor monopoly is found in the American window glass industry. Some years ago the Window Glass Workers' Association, by rigidly restricting the number of apprentices and imposing a prohibitive entrance fee upon foreigners entering the Association, had so reduced the number of proficient workmen in the country that there were not enough to man the existing plants. To monopolize the glass manufacture of the country, the manufacturers had only to secure control of the labor supply, and this the American Window Glass Company attempted to do by paying high wages and agreeing to employ none but union men. But independent companies immediately sprang up, manned partly by imported Belgians, and partly by members of the union. Under these circumstances the Company was enabled to run only about one-half of its aggregate plant for eight months during the year. In order to obtain the full supply of labor the Company offered the union a block of stock worth about $150,000, to be paid for by the annual dividends declared upon it, the sole condition being that the Glass Workers should assist the Company to operate its plant as nearly as possible to its full capacity. The dividends were being steadily paid on this stock at a rate which would have made it the property of the union in five years. After the agreement had been in

force about two years, however, the stock was withdrawn by the Company on the ground that the workers had not complied with their part of the agreement, or, in other words, had not wholly withdrawn from the independent companies. It is worthy of note that the withdrawal of the stock came just as glass blowing machines were being introduced into the Company's factories.

Experience shows that an industrial monopoly based on a monopoly of the labor supply is peculiarly weak. The high wages inevitably draw to the trade a large number of workmen, who either are taken into the union or refused entrance. If taken in, they must be supplied with work, and this brings prices and wages down by increasing the output. If they are refused admission, they usually set up a rival union which not only affords a supply of labor to independent manufacturers, but probably secures the sympathy and support of the trade union world at large. Such a combination of adverse forces is usually too strong for the most powerful monopolies of this kind.

(c) *Monopoly and Labor Organization:* We are now in a position to draw certain conclusions concerning the policy of the closed shop and labor monopoly in general. (a) Labor monopolies are of two kinds, inclusive and exclusive; in the former the combination is maintained by all the workmen against the employers, in the latter it is maintained by a group of workmen against their fellow-workmen. Monopolies of the second class are short-lived and relatively infrequent. (b) In combinations of the

inclusive type, the individual member is compelled to abide by the common rules and standard terms of the union. In other words he is under a very real compulsion. It must not be supposed, however, that the introduction of such compulsion deprives the individual laborer of any real freedom of bargaining. In entering such a combination, the workman merely exchanges the compulsion of the employer (as modified by demand and supply) for the compulsion of his fellow-workmen (as modified by demand and supply).

(γ) The justice of trade-union policies and actions must be determined in accordance with their intent and reasonableness, as these tests are applied in the law on strikes and in the judicial determination of the rates and charges of quasi-public monopolies. Let us apply this canon concretely. When a union refuses to work with non-union men, and by its refusal secures their discharge, the justice of its action can be determined only by the circumstances of the particular case. Were the non-union men prevented from joining the union by excessive initiation fees and other means? If so, the action of the unionists must ordinarily be interpreted as malicious in the extreme and highly unjust. *Per contra,* if the non-unionists had refused to join the union and were selling their labor at prices insufficient to maintain the accustomed American standard of living, the unionists can not be blamed, from any standpoint, for attempting to force these competitors to adopt their own standard terms. Or take the case of a complete combination of laborers, who

have struck for an increase of wages. I see no way of determining the justice of their position, except as it is determined in the case of other monopolies, *i. e.* by an examination of the reasonableness of the rate or wage which they have fixed. A similar procedure is recognized as just in the case of industrial monopolies such as railroads, and if the law is to permit the formation of labor monopolies, it must provide that protection for the general public which alone makes monopoly tolerable.[1]

In short, the justice of the general policy of the closed shop can only be decided by the ultimate objects and general character of the trade union which pursues that policy. The policy of the closed shop makes for wider combination, wider combination means greater power, and greater power is desirable or undesirable as it is wisely or unwisely used. Monopoly in the hands of the Locomotive Engineers has worked little but good; in the hands of the Window Glass Workers it was violently abused. The critic answers, perhaps, that the policy of the closed shop deprives men of their "sacred right" to work, and suggests that the judgment in accordance with intent is vague and impracticable. The writer replies that the condemnation of the policy would deny other men their equally "sacred right" of refusing to work, and points out that as necessity has forced our courts to

[1] We are dealing here with the abstract justice of union policies, with the view to the formation of a rational public opinion. From the legal standpoint our argument leads directly to something very akin to compulsory arbitration. And that is exactly what we now have in industrial monopolies, where the quarrel is between the employer and the consumer, not between the employer and the laborer.

judge strikes in accordance with their intent, and restraint of trade in accordance with its reasonableness, so necessity is forcing us now to judge trade unions in accordance with their objects, and the acts of labor monopolies in accordance with their reasonableness. Combination is the order of the day; it can be regulated, but not extirpated; it is a menace only when it is violent, extortionate or unreasonable.

(d) *Regulation of Wages.* It is frequently asserted by critics, and the charge is perhaps the most serious that can be directed against labor organizations, that the whole tendency of the latter is to stifle competition, and that by their insistence upon a standard rate of wages in particular, they reduce to one dead level the efficient and the inefficient workman, and thus interfere with the competitive struggle for existence upon whose continued operation progress depends. To this charge the defendants of organized labor answer emphatically that the union rate of wages is always a minimum, never a maximum rate, and that the stubborn maintenance of this minimum does not suppress competition for employment, but merely improves its character. "All that it does is to transfer the pressure from one element in the bargain to the other —from the wage to the work, from price to quality. * * If the conditions of employment are unregulated, it will frequently pay an employer not to select the best workman, but to give the preference to an incompetent or infirm man, a 'boozer' or a person of bad character, provided that he can hire him at a sufficiently low wage, make

him work excessive and irregular hours, or subject him to unsanitary or dangerous conditions. If the employer can not go below a common minimum rate, and is unable to grade the other conditions of employment down to the level of the lowest and most necessitous wage-earner in his establishment, he is economically compelled to do his utmost to raise the level of efficiency of all his workers so as to get the best possible return for the fixed conditions.'"[1]

The argument that the union rate and other common rules do not operate to suppress competition, but merely to improve its character, holds good whether the union wage be a minimum or a uniform rate, and appears to be as unanswerable as it is important. But the assertion that the union rate is a minimum and not a uniform rate is only partially true. That it is partially true appears from the facts that a large number of unions do not object to piece work, and in a few of the older and more powerful organizations, such as the printers' and iron workers' unions, the faster and more skilled workmen often receive extra wages with the full acquiescence of their fellow unionists. That it is partially untrue appears from the facts that a large number, probably a majority, of the labor leaders strenuously object to piece work; that except among the Coal Hoisting Engineers, the opposition to the grading of wages is practically unanimous; that a few unions limit the amount which piece-workers may make in a day or week; and that a few other unions boldly dis-

[1] Webb, *Industrial Democracy*, pp. 716, 717.

courage any departure, either in excess or defect, from the union rate. "This Association," says one of the by-laws of the Journeymen Stone Cutters' Association, "thoroughly discourages the principle of more than one rate of wages." And the secretary of the Stone Cutters expressed a common sentiment when he wrote to the Industrial Commission: "If a man is known to accept pay beyond the regular rate he is said to be taking blood money, and he is despised as much as a man who works below the rate."

While there is, thus, no unanimity either of sentiment or of practice in this matter, the most impartial investigators report that the union regulation of wages does tend to produce greater uniformity. But they qualify their conclusion by calling attention to the following facts: First, the union rate of wages is usually higher than the competitive rate would be. Consequently, if wages are leveled, they are leveled up, not down, so that the earnings of the superior workmen are not reduced, even though the earnings of the inferior workmen are increased. Secondly, the superior workmen are employed more regularly than the unsatisfactory workmen, and are likely to be assigned to the more delicate and interesting work. Finally, union regulation does not eliminate what may be called the normal territorial variation of wages. In a large majority of American unions the regulation of wages is left to the locals, and this results in the greatest diversity of rates. In 1900, for example, the standard

rates of the Operative Plasterers varied from $1.75 to $7 a day, in different parts of the United States.

With the piece-system, standard rates may be employed without leveling wages, and the unions are not uniformly opposed to the piece-system, as is generally believed. A majority of trades in which piece work is possible, accept that system. In Great Britain Mr. and Mrs. Webb ascertained that out of 111 unions having 1,003,000 members, 49 unions with 573,000 members insisted on piece work; 24 unions with 140,000 members willingly recognized piece work; and 38 unions with 290,000 members insisted on time work. In the United States a similar investigation was made by the Industrial Commission. Out of 50 important unions in which piece work was possible, 28 accepted the piece system in some line of their respective trades without active opposition, while 22 unions either forbade or actively opposed the system.

In explaining this diversity in Great Britain Mr. and Mrs. Webb point out that in some occupations such as spinning, the intensity of the labor is determined by the employer himself, who fixes the speed of the machinery. In such occupations the workers insist upon piece payment in order to prevent forcing and over-exertion. In other occupations, and in repair work generally, it is impossible to estimate in advance either the skill or the time that will be required on the job, and here the unions for obvious reasons insist upon time rates. In general, according to Mr. and Mrs. Webb, unions accept or reject

the piece system according as their work can or can not be standardized. That is to say, they accept it when it does not interfere with collective bargaining. It is doubtful, however, whether this explanation can be applied to conditions in the United States. Many of the twenty-eight American unions which accept the piece system without active protest, refrain from protesting merely because protestation appears useless; and many of the twenty-two unions which oppose piece payment, could adopt the system without destroying collective bargaining. The labor leaders, especially, are opposed to piece work. "The principal officers of many of the most important American unions whose members habitually work by the piece, would, if they had the power, instantly abolish the system."

(e) *Hours of Labor:* The labor leaders oppose piece work because they believe that if workmen toil and strain to increase their earnings by this system, the piece rate will inevitably be lowered, so that eventually the workman will be able to earn with the increased strain and effort, only enough to maintain him in his accustomed style of living. This same belief in the controlling power of the standard of living, makes the regulation of the working day, in the opinion of many labor leaders, the most important of all union aims and policies. "The most progressive leaders, such as Mr. Gompers of the Federation of Labor, are constantly urging their associates to put the shorter work day in the forefront of their demands. Organize and control your trade and shorten

your hours, is their position, and wages will take care of themselves."[1]

The "normal day," unlike "the standard rate," is a maximum, not a minimum, and there seems no uniform policy with respect to it beyond the general effort to reduce it as much as possible. When the Cigar Makers secured the eight hour day, they immediately began to discuss the six hour day. When the German-American Typographia secured the eight hour day, they followed it up with a five day week in certain places. Only a few national unions like the two just named have a uniform working day, and the regulation of the hours of labor is for the most part left to the local union. Overtime is systematically opposed. One or two unions forbid it, except in cases of emergency, but the usual preventative is found in demanding extra pay for overtime.

At the beginning of the nineteenth century men worked, almost universally, from sun to sun. At the present time, many important trades work only eight hours a day, and the average working day, excluding agricultural and domestic labor, is probably less than ten hours. This great reform is a distinctive accomplishment of organized labor, and in the past it has met with the endorsement of the disinterested economist as well as that of the labor leader himself. Both justify the movement on the grounds that it will give the worker more time for rational amusements, educational, civic and family duties,

[1] *Report of the In. Com.*, Vol. XVII, p. xlvii. The writer takes this opportunity of acknowledging his general indebtedness to this altogether admirable description of American labor organizations.

and that this increased leisure will result in a more intelligent, contented and efficient working population. Both agree moreover that in the long run and within reasonable limits wages are strongly affected by the standard of life, and that a tenacious refusal to work an excessive number of hours will to a degree remove the necessity for it. But here the average economist and the average trade unionist part company. The former defends reduction of hours under present conditions because he believes that it will not diminish the product of industry; whereas the labor leader advocates persistent and radical reductions precisely because he believes that it will diminish the product per individual, and furnish work for the unemployed. "The idea that a man will produce as much in eight hours as in ten may occasionally be advanced by labor leaders, but it is not their general position; and even if one does advance it he is likely to bring forward in the next paragraph ideas that are entirely inconsistent with it. The argument which really carries weight with them is based on the opposite idea. It is that the reduction of hours will reduce the supply of labor power in the market, and so will raise its price. It will make room for the unemployed, and so will remove the depressing influence of their competition.

> 'Whether you work by the piece or the day,
> Decreasing the hours increases the pay,'

is a constantly reiterated expression of the current creed of the union leaders."[1]

[1] *Report of the In. Com.*, p. xlvii.

(f) *Attitude towards Machinery:* The old historical antipathy to labor saving machinery still persists quite generally among the rank and file of the trade union world, and finds occasional expression, for example, in the successful opposition to the introduction of typesetting machines in the Government Printing Office, or in the working rules of a few unions. "What is known as a stone pick," say the by-laws of the Journeymen Stone Cutters' Union, "is not a stone cutters' tool, and this association will use every effort to discourage its use." . . . "Planer work," reads the twelfth article of their constitution, "will not be permitted to be shipped into any city where the union has succeeded in abolishing them [planers]." On the other hand, a small number of unions whose members work by the piece, actually insist upon the introduction of the most efficient machinery; and the more advanced leaders generally deprecate the blind opposition to labor saving devices. "Useless labor," says the Secretary of the United Garment Workers, "cannot be justified, or anything which curtails human activity. Economies of production all tend to make more of the individual. If labor saving inventions are used as a means of oppression it would be wiser to meet the situation with a view of correcting abuses than to deprive ourselves of the inestimable advantages they furnish." Speaking generally, the great mass of unionists have been convinced that the prolonged resistance to machinery is impossible, and that the real function of the labor union is to regulate its introduction so that it will

cause as little distress and unemployment as possible. Their specific policy in achieving this result is to insist that the new machines be manned by unionists, not by new workers, and that the "machine rates" of wages be such as to give the worker some small share in the increased profits ordinarily secured by its introduction.[1]

(g) *Restriction of Output:* Almost every device of the trade union limits in some way the industrial output. The "New Trades Combination" and the successful restriction of the entrance to the trade, limit the output of the whole industry; the reduction of hours, the penalization of overtime, the prohibition of piece-work, the leveling of wages, all tend to reduce, in the first instance, at least, the output of the individual worker. In addition to these methods, the output of the individual workers is sometimes directly limited by other means. The Lithographers, Machinists, Pressmen and other organizations limit the number of machines which a man may tend. The Stove Mounters, the Flint Glass Workers, the Iron, Steel and Tin Workers, and other piece-working trades, limit, under some circumstances, the amount of wages which may be earned in a day. The direct limitation of earnings is rare, but the hatred of "rushers" or pacemakers is general, and occasionally finds formal expression, as in the following by-law of the New York branch of the Brotherhood of Carpenters: "Any member who does an unreasonable amount of work, or who acts as

[1] A good illustration of the application of this policy may be found in the *Report of the Industrial Commission*, Vol. VII, p. 276 *seq.*

leader for his employer for the purpose of getting all the work possible out of the men working in the same shop or job with him, shall be fined for the first offence $10; for the second offence he shall be suspended or expelled."

In the past the instinctive impulse of the disinterested outsider has been to condemn the restriction of output, root and branch, in the belief that it penalizes the superior workman, puts a premium on idling, and levels natural differences of skill and efficiency. Undoubtedly many of these policies and practices are vicious. But it is coming to be generally realized that the question is not so simple as we have hitherto assumed. Thus, the most competent investigators sanction the statement that piece rates are influenced, and in most cases consciously determined, by reference to the ordinary time rates of the class of workers concerned, so that the attitude of the trade unions toward overtime is perfectly logical. Again, closer study of the details of modern industry has revealed the fact that in some trades, the sweated trades especially, the work people are driven to work beyond their strength by "rushers" and "leaders," by the "minute" and "task" systems, and other semi-disreputable devices. Furthermore, it has been realized that in time work, collective bargaining does necessitate some open regulation of the "pace," because one workman may as easily underbid another by working harder in the normal working day, as by accepting a lower wage. The arguments of the trade unionists are not altogether foolish; and these practices cannot be condemned off hand by reference to some

broad general philosophy of life. In fact it may be laid down as a safe rule that the legitimacy of these policies and devices can be determined only in specific cases, taking into account not only the requirements of the industry, but the necessity for common rules and the strain imposed by the care of the machine.

But there is one general theory that would seem under almost all circumstances to call for instant reprobation. The theory is that known as the "lump-of-labor" doctrine, the idea that there is a given amount of work to be performed and that it will be performed irrespective of cost, so that a workman can directly swell the amount of employment by shirking and avoiding just as much work as it is possible to avoid without losing his job. It is unnecessary formally to expound the fallacy of this as a permanent policy, although too much of the philosophy of the trade unionist rests upon it. Mr. Henry White, former secretary of the United Garment Workers, defines the limits of its truth and error when he says, "It is customary in English factories for workmen when there is a shortage to share the work with one another. Where this is done to tide over a slack season it is commendable, but where such is a permanent system the effect is demoralizing."

Whether trade-unionism really stimulates the go-easy system, it is impossible to say. It is of course true that the evil is not peculiar to trade-unionists. No classes of labor are more addicted to it than the negroes and domestic servants, yet both these classes are unorganized. More-

over, the labor leaders generally disavow it, and the rank and file are ashamed of it whenever it crops out. Nevertheless, the practice is logically justified by the lump-of-labor doctrine, and the latter is undoubtedly a cherished belief of many workmen. But whatever the attitude of the trade union there can be but one verdict upon the stealthy, underhand "adulteration of labor" that goes with this theory. Not only does it undermine character and destroy industry, but it stands as a positive hindrance to collective bargaining. The employer who accepts the union rate of wages and the normal working day, must under these conditions get the benefit of the full and unrestrained abilities of his workmen, or be forced into a position of unchangeable hostility to trade unionism. Fortunately, the more advanced labor leaders, who are exercising an increasing influence in the determination of trade-union policy, fully realize this fact. "So far as labor leaders are concerned," says Mr. John Burns, "we are all strongly opposed to the restriction of production: we are all in favor of better and more conscientious work."

(h) *Strikes, Boycotts and Arbitration:* The general policy of the trade union towards strikes and boycotts has already been indicated in some detail.[1] The consistent policy of the trade unions is to systematize and commercialize the strike and boycott; they introduce, as soon as they become strong enough, a fixed and formal procedure which the locals must follow in declaring strikes, and this

[1] *See ante*, p. 181.

tends strongly to prevent hasty and ill-advised strikes; they spend large sums in advertising the union label and disseminating their "unfair lists," and have made some efforts—hitherto rather ineffectual—to obtain united action on the part of all labor organizations in favor of union goods and against unfair firms; and in order to provide that reserve which enables a bargainer to hold out for his highest terms, the larger and stronger unions make a constant effort to increase their strike or defence funds. Thus most of the railway brotherhoods aim to have at least $100,000, and at the present time (1904) the general fund of the Cigar Makers International contains about $600,000, and that of the United Mine Workers more than $1,000,000.

There seems to be no doubt that the old and well managed unions do help to reduce both the number and the violence of strikes. It is a common observation, however, that newly formed unions are prone to strike, and the extension of organization may be accompanied by some encouragement of the strike which is chargeable to the union as a union. The grave defect of American unions in this matter seems to lie in the excessive power granted to the locals. The national organizations in which a local may be forced to strike against its will number not more than ten or twelve, and in only three or four may a local be expelled for striking against the decision of the national officers. The United Mine Workers is typical in this respect. In this organization the local may not strike unless it obtains the consent of the district

officers and the national president, or in case they disapprove, the higher sanction of the Executive Board. But the only penalty for an infraction of the above rule is found in the short regulation that: "Any local striking in violation of the above provisions shall not be sustained or recognized by the National Officers."

A large majority of the national unions have at some time given formal endorsement to the principle of arbitration, and it is undoubtedly true that the wage-earners far more frequently apply to arbitration boards for a settlement of disputes, than do the employers; though occasions might be cited in which unions have refused to arbitrate with as flat a refusal as the oft-cited employer who refuses "because there is nothing to arbitrate." It is doubtful, however, whether these expressions are to be taken as endorsements of arbitration or of collective bargaining. The trade unions are passionate advocates of the "sacred right to quit work," of the justice and efficiency of the strike, and this being true, there is strong reason to believe that what they mean to endorse is collective bargaining, and not the complete decision of the terms of employment by outsiders. Speaking of Great Britain, Mr. and Mrs. Webb state emphatically that this is the case, and that the principle of arbitration, having been found inconsistent with collective bargaining, is fast going out of favor. In any event this much may with certainty be said: the trade unions are everywhere practically unanimous in opposition to compulsory or enforced governmental arbitration.

(*i.*) *Insurance Benefits.* The lack of control over the local union which characterizes American nationals, is largely due to their lack of an insurance benefit system. To just what extent insurance is provided by American unions, it is impossible to say, owing to the absence of data upon this subject from the local unions. But an examination of 96 national unions shows that with a generous interpretation of their activities, 64 pay strike benefits, 48 death or funeral benefits, 22 sick or accident benefits, 5 unemployment benefits, and 2 superannuation benefits, while 22 unions make no provision for any kind of insurance. The railway brotherhoods, the printers, the cigar makers, the carpenters and joiners (the British branch) and one or two other unions have strong and adequate systems which have proved of immense benefit to them. But the average American union pays only a small death benefit of $75 or $100, and an inadequate strike allowance—"usually a bare subsistence wage from $4 to $8 a week"—which is frequently not paid to unmarried workmen or to those who are fortunate enough to have a little bank account. Beyond this, the American union trusts to the device of assessments and to sympathetic assistance in event of strikes.

In Great Britain, mutual insurance has always been one of the most important functions of the trade union, and taking one year with another the British unions of to-day spend more than three times as much upon friendly insurance as upon general administration or even upon strikes and boycotts. In the ten years 1892-1901, for

example, the 100 principal unions of Great Britain expended about $75,000,000 (£15,127,629), of which 20 per cent. went for running and miscellaneous expenses, 19 per cent. for dispute or strike pay, 22 per cent. for unemployment benefits, 18 per cent. for sick and accident benefits, 10 per cent. for superannuation benefits, and 11 per cent. for funeral and other benefits. In the year 1901, 89 of the 100 unions paid funeral benefits, 83 dispute benefits, 77 unemployment benefits, 77 sick or accident benefits, and 38 superannuation benefits. It is doubtful whether the benefit system will ever become so general among American unions.

That the trade union can get along without a formal benefit system, is evident from the American experience, but notwithstanding this possibility, the most successful American unions do as a rule employ the system, and the most intelligent leaders are constantly urging the unions to expand this feature of their work. The reasons are evident. Friendly insurance is not only desirable in itself, but it attracts the best class of workingmen, the most frugal and far-sighted, and keeps them in the union once they have joined. Moreover, it encourages conservatism, and above all else secures the obedience of individual members and constituent unions, for neither an individual nor a union will secede when secession means the sacrifice of a large interest in the insurance funds.

Except in the Brotherhood of Locomotive Engineers, the National Association of Letter Carriers, and possibly one or two other unions, the insurance funds are not

legally or necessarily distinct from the ordinary assets of the union, and they can, consequently, be used for any purpose which the union approves. It is this distinguishing feature of trade union insurance that makes it such a powerful auxiliary. It supplies a large fund which may be used for trade or militant purposes, and it is largely because of their fear that incorporation would interfere with this liberty, that the trade unions are so opposed to incorporation. Of course all this tends to make union insurance bad insurance, as such. After having faithfully paid his assessments for years, a member of a trade union may be expelled from the union for a trifling infraction of rules, or may see the insurance funds dissipated in an ill-advised strike. Nevertheless, the members do not object to this feature of the benefit system. And there is something to be said of union benefits even as insurance. Owing to the strong loyalty of unionists, and the intimate knowledge which the members of any local have of each other's affairs, trade unions may successfully supply forms of insurance which private companies can not manage. Some of the railroad brotherhoods, for instance, pay full policies (even as much as $4,500) not only upon death, but upon the loss of a hand, a foot, or the eyesight, and upon total disability from Bright's disease, paralysis, and other diseases. The out-of-work benefit particularly would seem impossible for any company or association save that composed of the shopmates and associates of the insured.

9. *The Incorporation of Labor Organizations:* It is

very evident from the preceding discussion that not only the attitude of the labor organization towards friendly insurance, but most of the fundamental principles and policies of organized labor, are determined by the requirements and demands of collective bargaining. Collective action is the soul and spirit of trade unionism, and the most public-spirited men in all walks of life are coming to regard it, not only as inevitable, but as one of the most promising and practicable means of elevating the working classes. But collective bargaining may be carried on in very different ways. When a body of "wage-earners" in secret session adopt common rules respecting wages or hours, and sullenly refuse to accept anything less or different, that is one kind of collective bargaining. When they meet their employers in friendly conference, giving and taking, recognizing the varying needs of industry, and modifying their common rules accordingly, that is another and a vastly better and more elastic kind of collective bargaining. It is the latter kind of collective bargaining—known as the joint conference or joint agreement system—which the disinterested public, represented by the Civic Federation and other agencies of industrial peace, desire so earnestly to introduce and extend.

Up to the present time the greatest obstacle to the extension of the joint conference system has been the class of obstinate employers who refuse to negotiate with the unions. Many of these employers justify their refusal to make agreements on the ground that they have

no means of holding the organizations to their promises. The ordinary trade union, they say, is an unincorporated association which has no legal standing and can not make enforceable contracts, while contracts made with individual workmen are practically, if not theoretically, unenforceable because the workman ordinarily has no property which can be attached for damages. This statement of facts, it may be said in passing, is perfectly correct. Basing their appeal upon these facts, a number of prominent writers and employers have earnestly urged labor organizations to incorporate, on the grounds that incorporation—with its accompanying power to sue and liability to be sued—would greatly facilitate collective bargaining, and in addition would invest labor organizations with that legal responsibility for their actions which ought to accompany the enormous power which they wield. There is a note of criticism in much of this exhortation, although the writers who urge incorporation are usually friendly to organized labor. "There is to-day," says Mr. Gilman, "a crying social need for more responsibility in labor disputes. Incorporation corresponds to this need. When the trade unions repent of their illogical and immoral unwillingness to become incorporated, and take their right position as corporations in that collective bargaining which is to be more and more the custom of the future, the prospect for industrial peace will be much brighter than it is to-day."[1]

[1] N. P. Gilman, *Methods of Industrial Peace*, p. 197.

The labor leader[1] opposes incorporation on a number of grounds. He believes that it will lead to litigation, and he fears to match the labor organization with the employers' association in litigation, fears because he knows that the best legal talent of the country is closely affiliated with the employers, and because, in his opinion, the courts are unconsciously biassed against the methods of organized labor. He fears, also, that incorporation will bring a loss of that freedom of managing the insurance funds which, up to the present time, has been such an effective aid to discipline. He is afraid, in short, that the employers will trump up charges against the unions, and transfer the battle of capital against labor to the courts, where the wage-earner is at a peculiar disadvantage. Behind his opposition to incorporation, as behind the advocacy of the men who champion incorporation, is the feeling that the present status gives a minimum of responsibility with a maximum of power. Until the Taff Vale decision of 1901, the great majority of persons undoubtedly believed that an unincorporated labor organization could not be sued.

The events of the last few years have shown that this impression was wholly erroneous. An unincorporated organization, having no power to make contracts, can not of course, be sued for breach of contract. This truth no one denies. But it by no means follows that an unincor-

[1] The majority of labor leaders strongly oppose incorporation at present. See the *Monthly Review of the National Civic Federation*, for April, 1903, in which a most instructive symposium upon this subject is presented.

porated organization can not be mulcted in damages if it sanctions, abets and aids the commission of a positively unlawful act—a breach of the law as distinct from the breach of a contract. This was the decision of the House of Lords in the famous Taff Vale case, in which the Taff Vale Railway Company was given £23,000 damages against the Amalgamated Society of Railway Servants for persuading and intimidating workmen to break their contracts with the railway, and aiding and abetting acts of violence which together injured the railway company in the amount named.

The logic of the court's finding is unanswered and unanswerable. If men unite to break the law and injure third parties, they are liable collectively and individually for the damage which they have wrongfully done, and if the organization through which they have combined to break the law, possesses a general fund, the damages may be collected from that fund if this method of collection is surer and more convenient than collection from the individual members. The contention of the labor leaders is that the men were liable individually, but not as an organization, and this, as we have said, means ordinarily that no damages can be collected. The intrinsic absurdity of this contention appears when we reflect that, if it be correct, men will only have to combine in a voluntary organization in order to commit actionable wrongs with impunity, and if they happen to have a little money individually, it is only necessary to invest this with the organization in the form of an old age annuity or friendly

insurance against sickness and unemployment, in order to put their individual savings beyond the reach of the law. The Lord Chancellor summed up the whole case in five lines when, in announcing the decision of the House of Lords in the Taff Vale case, he said: "If the Legislature has created a thing which can own property, which can employ servants, which can inflict injury, it must be taken, I think, to have impliedly given the power to make it sueable in a court of law for injuries purposely done by its authority and procurement."

The general principle established by the Taff Vale case would seem to be that a voluntary association of men cannot escape collective responsibility for their acts by simply refusing to incorporate, when individual responsibility is practically non-existent. It seems impossible to escape the conclusion that this is sound law everywhere; and in New York, Connecticut, Michigan and New Jersey, specific statutes have been passed, making voluntary associations liable to suit in the name of their officers. If the above proposition be accepted, it follows that labor organizations are not evading their just obligations and responsibilities by refusing to incorporate, and the case for incorporation, so far as it rests upon the assumption that they are, falls to the ground. Moreover, Mr. Henry White has pointed out, in his contribution to the symposium cited above, that in the one trade in which incorporated unions have attempted to enforce trade agreements in the courts, the latter have quite generally refused to enforce them against the employer on the grounds that

they (the contracts) were obtained under duress, and were without consideration, *i. e.* the union did not undertake anything which the court would regard as sufficient return for the promises and agreements of the employer.[1]

The objections to incorporation which have just been mentioned could be remedied by a special incorporation act providing for the enforcement of joint agreements by the courts. But incorporation under special acts the writer also regards as undesirable. If our administrative officers do their duty and employers take advantage of their existing rights, incorporation is not needed to insure the financial responsibility of labor organizations. Secondly, to state seriatim the reasons why incorporation is undesirable, the trade unionist's fear of litigation is sound and justifiable, not because the courts are biased, but because litigation is a costly and demoralizing game which workingmen, of all men, are least fitted to play successfully. In the Taff Vale case, for instance, the Amalgamated Society of Railway Servants paid about $115,000 in damages, and about $135,000 more in costs and fees. Thirdly, if it is desirable to make the two sides financially responsible, this can be accomplished by posting a bond conditioned upon the faithful performance of the contract, as is done in the agreement between the Brooklyn firm of Wichert and Gardiner and the Inde-

[1] See the recent New York case of Eden *v.* Silberberg, 89 App. Div. 259.

pendent Union of Shoe Workers of Greater New York and Vicinity.[1] This has the advantage of bringing all claims for damages before an impartial umpire, and not before courts which the workmen distrust. Finally, and this is by far the strongest argument against incorporation, it is believed by those men, like the late Senator Hanna, who have had the most experience in introducing and popularizing the joint conference system, that the liability to be sued for breach of contract would tend to prevent the trade unions from adopting and conscientiously observing these agreements with employers.

The reasons for this belief are largely psychological, and cannot be discussed here in detail, but they rest in main upon the feeling that the introduction of legal responsibility would tend to weaken the force of the moral obligation. With the trade agreements now in force, the only power of enforcement lies in the honor and conscience of the parties themselves, and a large majority of these agreements are loyally obeyed in spirit as well as in letter. But once establish a legal responsibility and a species of skill will be cultivated whose value will lie in the ability to draw breakable contracts, and each side—assuming that the other will look after its own interests—will feel justified in taking every possible advantage that does not amount to an open breach of the agreement. And it is perfectly easy for the workingmen to take this advantage in most lines of work, by simple "soldiering." Such

[1] See *Sixteenth Annual Report of the (New York) Board of Mediation and Arbitration*, p. 20.

a spirit would be as fatal to the joint agreement system as it would be to industry.

10. *Employers' Associations:* Before closing this chapter and entering upon a discussion of the means by which to introduce and maintain industrial peace, it becomes necessary to say a word about the modern employers' association. We are not here concerned with the employers' association for social diversion or the extension of trade, but refer only to the combination of employers whose principal purpose is to regulate the conditions of employment, and which is best viewed as the natural check and balance of the trade union.

Such organizations are as old as the trade union itself; but in England and the United States employers' associations have in the past been short lived. In times of great activity among the trade unions, competing employers would forget for a moment their own rivalries, unite their strength to break a strike or crush a union, and when their aim was accomplished, dissolve and disappear until a similar danger called them into existence again. But in the last few years these associations have acquired a permanence, a self-consciousness, a perfected organization and a numerical strength which endow them with a new personality and an augmented importance. In a recent publication the National Association of Manufacturers recorded 500 local associations in the United States, and in this Association alone there are now 3,500 of the most representative manufacturing concerns in the country, each of them paying $50 a year, and subject, prob-

ably, to further assessment in case of need. And the organization has been perfected as much as the numbers have multiplied. There is as much difference between the employers' associaton of a generation ago, and, for instance, the National Metal Trades Association, as between the old Articles of Confederation and the present Constitution of the United States. Taking a lesson from the trade unions, these associations formed in 1903 a federated Citizens' Industrial Association of America, which is designed to do for the employers' associations what the American Federation of Labor has done for the labor organizations. In December, 1903, there were affiliated with the Citizens' Industrial Association, 60 national associations, 66 state and district associations, and 335 local or municipal associations of employers. In the United Kingdom, in the same year, there were at least 38 national associations and federations of employers, and 727 local associations, working together for lobbying purposes, at least, in a general Parliamentary Council.

Among modern employers' associations, there are at least two distinct types. The one class, organized indeed for defence, are, however, conservative and conciliatory enough to work in harmony with the trade unions. These associations, well illustrated by the Stove Founders' National Defence Association or the Mason Builders' Association of Boston, have as their first object the maintenance of industrial peace, and their work seems to be wholly beneficent. Those of the second class, well represented by the Dayton Employers' Association and the

National Association of Manufacturers have as their primary object the establishment and maintenance of certain fundamental principles whose observance, they believe, is demanded alike by justice and social expediency. These associations manifest at times a violent hostility to trade unionism and they are frequently called "union-smashers." This curt description seems justified by the utterances of some of the officials of these organizations, who are daily displaying a growing and more open contempt for arbitration and conciliation. But in soberer moments they disavow any intention of destroying trade unionism, although it is certainly fair to say that with them industrial peace is a secondary consideration. They want peace only when peace can be secured without sacrificing their principles.

It is just these principles, honestly and stubbornly held, that threaten to engender the most disastrous conflicts. This fact may be illustrated by a few quotations from the Declaration of Principles of the National Metal Trades Association, one of the more conservative of the second group of associations, if indeed, it should not be classed with the first group. After "disavowing any intention to interfere with the *proper* functions of labor organizations," and announcing their intention not to discriminate "against any man because of his membership in any society or organization," the employers further declare:

(4) The number of apprentices, helpers and handy men to be employed will be determined solely by the employer. (5) Employers shall be free to employ their work people at wages mutually satisfactory.

We will not permit employees to place any restriction on the management, methods or production of our shops, and will require a fair day's work for a fair day's pay. *Employees will be paid by the hourly rate, by premium system, piece work or contract, as the employers may elect.* (6) It is the privilege of the employee to leave our employ whenever he sees fit and it is the privilege of the employer to discharge any workman when he sees fit. (7) *The above principles being absolutely essential to the successful conduct of our business, they are not subject to arbitration.* In case of disagreement concerning matters not covered by the foregoing declaration, we advise our members to meet their employees, either individually or collectively and endeavor to adjust the difficulty on a fair and equitable basis.[1]

Now it is useless to expatiate upon this declaration of principles. The manufacturers who subscribe to them plainly entertain the deepest and most honest conviction that the fundamental union policies of a closed shop, of bargaining by common rules, of refusing to work by piece in some cases and demanding the piece rate in other cases, are thoroughly vicious, unjust and industrially demoralizing. The conviction of the trade unionists that these policies are not only just but essentially necessary to the existence of trade unionism, is just as profound and sincere as the antagonistic convictions of their employers. It is evident that we have here all the essentials of a desperate and protracted struggle.

The policies of these associations include assistance to employers in case of authorized lockouts or strikes, strong legislative committees or lobbies to secure favorable legislation and fight unfavorable legislation, and, in some cases, the maintenance of a registry or list of workmen in the trade, describing their habits, qualifications, previous employment, etc., thus enabling employers to avoid in-

[1] All italics mine.—T. S. A.

competent and troublesome men. The workmen call it a "blacklist," the employers a "whitelist." Whether it is desirable or not depends entirely upon the way in which it is used. Certainly those who advocate a complete right of boycott can not logically object to it.

But the lobbying methods of some of these organizations furnish the most interesting information concerning their character and spirit, as is evinced from the following extracts from circulars issued by the National Association of Manufacturers: "The National Trade Association of Manufacturers is the largest and strongest trade organization in the world—whether one considers capital invested, hands employed or output. * * The Association concerns itself with national and state legislation, publicly and powerfully if required, secretly and just as powerfully if that seems best. It knows what its own members and all manufacturers desire; it knows what they want antagonized. It pushes wise legislation; it defeats unwise legislation." In another publication the Association announced its deep hostility to the Hoar Anti-Injunction bill, and to the bill limiting the working day upon all materials manufactured for the government to eight hours, and then continued: "The determination is that, unless the business interests have lost their intelligence and their fighting spirit, these unwise or dangerous tendencies shall be combated; and all of the persistence and ingenuity at the command of the greatest trade body in the world, and of all its members, are brought to bear in exactly the right way at exactly the right time, and in

exactly the right place. * * At Washington the Association is not represented too much either directly or indirectly. Sometimes it is known in a most powerful way that it is represented, vigorously and unitedly. Sometimes it is not known that it is represented at all. It is easy to see that in the advocacy of public measures certain methods are most effective and most proper to be pursued. It is also true that this continuous effort is sometimes most successful when it is not known exactly whence the pressure comes."

In quoting these expressions of principle and policy from two of the more prominent employers' associations, we do not mean to convey the impression that they are typical of the great majority of employers' associations in this country. Nobody knows whether they are or not. What we do wish to state emphatically is that the number of such associations is rapidly growing, that the people who compose them sincerely uphold certain principles irreconcilable with the fundamental doctrines of trade unionism, and that neither side will abandon its principles without a conflict. Many students of this question think differently. They argue that the heated and antiquated expressions[1] of the present President of the Citizens' Industrial Alliance are certainly not endorsed by any large number of American employers, and in this they are possibly correct. But the principles enunciated

[1] President Parry characterizes trade unionism as a "system that coerces and impoverishes the worker, ruins the capitalist, terrorizes our politicians and destroys our trade—a system which seems hopelessly and irremedially bad, a bar to all true progress, a danger to the state, and a menace to civilization."

by the National Metal Trades Association *do* express the sincere convictions of a large majority of the employers of this country, in the writer's belief, and when by organization they become strong enough, they will make the attempt to carry them out. As will appear in the succeeding chapter, a large number of employers' associations contribute most effectively to the maintenance of peace by collective bargaining with labor organizations, and, in the end, probably the whole movement of organization among employers, will be found to have hastened the era of peace by checking the extortionate demands of the more radical unions and by providing that degree of organization among employers which is required for the most effective kind of collective bargaining. But there will probably be a long and bitter fight before the trade union and the employers' association can be hitched in the same harness to draw the car of industrial peace.

REFERENCES: The voluminous literature upon this subject makes it unnecessary to mention any except the most important works. For a comprehensive view of trade-unionism in all countries see Kulemann's *Die Gewerkschaftsbewegung;* for the development of the union Webb's *History of Trade Unionism;* for an analysis of its function Webb's *Industrial Democracy;* and for the standard description and discussion of American unions see the *Report of the Industrial Commission,* Vol. XVII, the contents of which are summarized in Vol. XIX, pp. 793-833. The two books of Mr. and Mrs. Webb cited above, contain an exhaustive bibliography. The important subject of restriction of output will be thoroughly treated in a forthcoming *Special Report of the (U. S.) Bureau of Labor* on the "Regulation and Restriction of Output" prepared under the direction of Professor John R. Commons. The best sources of current information are the bulletins of the labor bureaus and the official journals of the trade unions and employers' associations, among which the *American Federationist,* the *Locomotive Firemen's Magazine, American Industries,* and the *Bulletin of the National Metal Trades Association,* are noteworthy. With these should be named the *Monthly Review of the National Civic Federation,* and labor journals like the *Cleveland Citizen* and the *Labor Advocate* (Chicago).

SUPPLEMENTARY READINGS:

1. Development of Labor Organization:
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   (b) Mitchell, "Organized Labor Before and Since the Civil War," *Organized Labor*, ch. IX, pp. 66-74.
2. Organization and Government:
   (a) *Report of the Industrial Commission*, Vol. XVII, pp. xxiii-xxxiii.
   (b) F. W. Galton, "The Inner Life of a Trade Union," in Webb's *History of Trade Unionism*, pp. 431-451 (1st ed.).
3. Methods and Policies:
   (a) American Unions, *Report of the Industrial Commission*, Vol. XVII, pp. xiii-lxxiii.
   (b) "Should Unions Incorporate?" *Monthly Review of the National Civic Federation*, April, 1903.
   (c) The Closed Shop, *ibid.*, July, 1904.
   (d) *Ibid.*, Bullock, *Atlantic Monthly*, October, 1904, pp. 433-439.
   (e) White, "Machinery and Labor," *Annals of the American Academy of Political and Social Science*, Vol. XX, pp. 223-231.
   (f) Webb, "Restriction of Numbers," *Industrial Democracy*, pp. 704-715.
4. Theoretical Analysis of Trade Unionism:
   (a) Marshall, *Economics of Industry*, ch. XIII, pp. 358-395.
   (b) Webb, *Industrial Democracy*, ch. III, pp. 703-806 (2d ed.).
   (c) Cree, *A Criticism of the Theory of Trades Unions* (pamp 39 pp.)
5. The Practical Limitations of the Trade Union. Ernest Aves in Booth's *Life and Labour of the People in London*, Vol. IX, ch. VI, pp. 231-277.
6. Mitchell, The Moral Influence of the Trade Union, *Organized Labor*, ch. XVIII, pp. 153-159.
7. Ashley, The Legal Position of Trade Unions, *The Adjustment of Wages*, pp. 160-183.
8. Employers' Associations:
   (a) Gilman, "Combination of Employers," *Methods of Industrial Peace*, ch. III, pp. 47-61.
   (b) *Massachusetts Labor Bulletin* for March, 1904.
   (c) Baker, "Organized Capital Challenges Organized Labor," *McClure's Magazine*, Vol. 23, pp. 279-292.
   (d) *Ibid.*, "Capital and Labor Together," *McClure's Magazine*, Vol. 21, pp. 451-463.
9. Clark, "Organized Labor and Monopoly," *The Problem of Monopoly*, ch. IV, pp. 60-85.
10. *The Union Label*, J. E. Boyle in the *American Journal of Sociology*, Vol. IX, pp. 163-172.

CHAPTER VIII

THE AGENCIES OF INDUSTRIAL PEACE

The continual warfare between capital and labor has ceased to be merely regrettable, and has become intolerable. This is fast coming, we believe, to be the opinion of large numbers of people in the United States; and that stupid leviathan—the "general public"—is growing restive under the dawning consciousness that, whoever stands to gain by the strike, *it* stands always to lose, and that while its interests are incessantly being jeopardized, nothing has been devised which effectively protects those interests. Under the realization of these facts, there is gradually growing an impatience with existing conditions which, if it finds no reasonable method of securing industrial peace, will attempt to secure it by unreasonable methods. Important measures making towards industrial peace will undoubtedly be taken in the near future. The proper formulation of these measures constitutes at once one of the most delicate and important problems which modern democracy is called upon to solve.

1. *Definitions:* The agencies of industrial peace assume a great variety of forms and functions, and before proceeding further it is necessary to say a word about the terms employed to describe them, which have fallen into

some confusion. (a) Conciliation implies the existence of hostility, active or latent. The bringing together of employers and employees for the settlement of their differences by peaceable negotiation will be called *conciliation*, and the organizations which confine themselves to this work *boards of conciliation*. It need hardly be said that there are *private* and *governmental* boards of conciliation, the first illustrated by the Civic Federation, the second by the state boards discussed in the following sections.

(b) Many of these boards go further and offer to arbitrate trade disputes, when the disputants can not settle their differences by peaceable negotiation. Such boards are ordinarily called *boards of conciliation and arbitration*, although the word conciliation might well be dropped whenever it is used in company with arbitration, as conciliation almost invariably precedes arbitration.

(c) By *arbitration* is meant the adjudication and authoritative settlement of disputes between workmen and their employers. The term carries with it an element of extraneous authority entirely absent from conciliation. There are two forms of arbitration which must be distinguished, *primary arbitration* and *secondary arbitration*. By primary arbitration we mean the authoritative settlement by impartial arbiters of the terms of the employment contract itself. By secondary arbitration we mean the adjudication of those minor disputes growing out of the interpretation of an existing contract. Secondary arbitration is judicial and easy. Primary arbi-

tration is legislative and difficult. Unless otherwise stated, primary arbitration will be understood to include and assume secondary arbitration. Where the state either directly or indirectly compels employers and employees to submit to arbitration trade disputes which they can not settle themselves without strikes or lockouts, and then enforces the awards of the arbiters, this is called—and logically so—*compulsory arbitration.*

(d) When employers acquiesce in the inevitableness of trade unions and agree to fix the terms of employment by negotiation and higgling with representatives of their employees, the process is known as *collective bargaining.* When the meetings between the representatives of the employers and the employees occur irregularly or only once or twice a year, we shall speak of them—following American usage—as *joint conferences;* and the compacts made at such conferences, respecting wages and other conditions of employment, will be called *trade agreements.* (e) When, however, these agreements provide for a formal board, which meets frequently and is empowered to settle differences authoritatively by arbitration, we shall speak of the organization as a *trade board of arbitration* This pedantic discussion of terms would have been omitted, if common usage were not so inconsistent; and the terminology given above is suggested merely as a workable compromise between logic and conflicting usage.

2. *Governmental Conciliation and Arbitration in England:* In discussing the question of industrial peace, it is too often forgotten that this is a problem with a long

past. When after the Black Death the workingmen of England took advantage of the scarcity of labor to demand higher wages and strikes became frequent, the government attempted to settle the question by edicts and statutes requiring laborers to accept work when offered at the prices prevalent before the plague. The first statute of laborers was passed in 1351 and reënacted with slight modifications thirteen times in the hundred years following its first adoption. In 1389 an act was passed authorizing justices of the peace to fix wages, and from that time to 1811 wages were alternately fixed by acts of Parliament and summary decisions of the justices. As late as 1796 the justices were actually directed to establish a national rate of wages. The first method of securing industrial peace, then, was by governmental fiat, and it is hardly necessary to add that it proved an utter failure and was so acknowledged by the very Parliaments which in despair of a better remedy constantly readopted it.

On the surface there appears to be no great difference between the fixation of wages by arbitrators and the fixation by ordinary judges who are presumably impartial and just. As a matter of fact, however, judges are like other mortals, afflicted with the unconscious prejudices and preconceptions of the class to which they belong, so that in reality there is likely to be a great difference between the decision of an ordinary justice and the decision of a special arbitrator in whose selection the wage-earners have had an equal voice with the employers. The realization of this fact began early in England. In 1603 a law

was passed providing for "arbitrations" in certain commercial disputes. In 1701 the principle was extended to labor disputes in certain textile industries and the iron manufacture, although this law did little more than provide for adequate representation of the workingmen's side before the two justices who acted as arbiters. Several similar acts followed, but all of them were replaced in 1824 by "An act to consolidate and amend the laws relating to the arbitration of disputes between masters and workingmen." This act marks the positive adoption of two very important principles: (a) thereafter, when arbitration was employed, the masters and workmen were to be equally represented; and (b), voluntary arbitration replaced the fixation of wages by Parliament or justices of the peace. "Nothing," reads the act, "shall authorize any justice to establish a rate of wages or price of labor or workmanship at which the workman in future shall be paid, unless with mutual consent of both master and workman."

The act of 1824 marks the formal abandonment of the attempt to fix wages by law or by the ordinary judicial authorities. As a positive method of introducing arbitration, however, the act was a flat failure. It was amended in 1837, supplemented by the Councils of Conciliation Act of 1867, amended by the Masters and Workmen Arbitration Act of 1872, and in 1896 repealed, in company with the acts just mentioned, by "An act to make better provision for the prevention and settlement

of trade disputes.''[1] This law contents itself with the mildest kind of voluntary conciliation and arbitration. The private boards of conciliation and arbitration are officially recognized; the Board of Trade is authorized to examine, compulsorily if necessary, the causes and circumstances of any labor dispute; and it is further empowered to take steps for the creation of voluntary or private boards of arbitration and conciliation in industries where they do not already exist.

The point of importance is that this law fails utterly to provide an adequate solution of the strike problem. According to official English statistics there were about 3,584 strikes from 1896 to 1901, while in the same period the Board of Trade acted upon only 113 disputes, 70 of which it succeeded in settling, 9 by conciliation, 38 by arbitration, and 23 by negotiations of officials of the Board. The law, to be sure, is far better than nothing. To avert 70 strikes in five years is well worth doing, and undoubtedly saves the country far more than the expenses of the arbitration department of the Board of Trade. But taking into account the magnitude of the problem, it must be admitted that after nearly a century's trial, governmental arbitration in England is a woeful disappointment.

3. *The French Conseils de Prudhommes:* While England was apparently proving that governmental arbitration is a failure, France was demonstrating by its *conseils*

[1] This act may be found, practically complete, in *Bulletin of the (U. S.) Department of Labor*, No. 25, pp. 833-834.

de prudhommes or "councils of experts," that it can be a notable success within certain limits. The first of these councils was created by Napoleon in 1806 for the Lyons silk industry, since which time they have been established in all parts of the Republic. These councils are primarily labor courts, empowered to act also as boards of conciliation, and charged with certain unimportant administrative duties. They consist of an equal number of workmen and employers, elected at general assemblies of the respective classes; and within each council there are two divisions, a special bureau of conciliation and the general bureau of arbitration. The special bureau consists of one employer and one employee who sit at least once a week, endeavor to bring about informal settlements in labor disputes, and are empowered to render preliminary decisions. If the preliminary decision is not accepted the case goes to the arbitration bureau, which is usually composed of three employers and three employees, and the decision of this branch is final unless the sum involved exceeds 200 francs, in which event an appeal may be made to a higher tribunal. Proceedings before both bureaus are exceedingly informal, disputants are not allowed to be represented by counsel and the costs can not in any case exceed 50 francs. The jurisdiction of the *conseils* is limited. They have no control over the conclusion of new contracts and they can not interfere in strikes or disputes about future terms of employment. They are thus occupied with the interpretation of existing labor contracts and with disputes about methods of wage

payment, absence from work, apprenticeship, penalties for defective workmanship, etc. But within this sphere, when the dispute does not involve more than 200 francs, their decisions are final.

The *conseil de prudhommes* is thus seen to be a petty court, and so constituted as to give the wage-earners an equal representation with the employers. It can not settle strikes, but it can and does prevent strikes by adjusting the minor grievances and soothing the petty resentments which, when not settled, rankle in the minds of workingmen, accumulate, and constitute the fuel upon which the strike feeds. The work done by the *conseils* is immense. In 1898, for instance, 50,887 cases were handled, of which 41 per cent. were conciliated by the special bureaus, 13 per cent. arbitrated by the general bureaus, and 39 per cent. withdrawn by the parties during the proceedings.[1] Their success serves to emphasize an exceedingly important distinction, the distinction between the interpretation of an existing labor contract and the adoption of a new labor contract. The former is judicial in nature, the latter commercial; the one calls for an application of reason, the other for a competitive contest. *Experience amply demonstrates that arbitration offers a successful remedy for disputes about the interpretation of a wage contract, or the mere application of a principle of wage payment, where some principle such as that of the sliding scale is accepted by both employers and employees. But*

[1] *Compte Général de l'Administration de la Justice Civile et Commercial*, 1898, p. 189.

in disputes about the adoption of new contracts, where no such principle is accepted by the disputants, voluntary arbitration has not yet proved itself an adequate remedy.

4. *The French Conciliation and Arbitration Act of 1892:* For the encouragement of conciliation and arbitration in the settlement of strikes and collective disputes, France has a voluntary arbitration law[1] similar in spirit to those of England and the United States. The execution of this law devolves principally upon justices of the peace, who are directed to use their good offices in effecting peaceful settlements of strikes and collective disputes which threaten to end in strikes. Statistics covering the ten years ending 1902 show that recourse was had to the law of 1892 in about 1,250 of the 5,300 strikes which occurred, and that about 525 disputes, or 10 per cent., were settled through the instrumentality of this law. More than five times as many disputes are settled by conciliation as by arbitration. The last result is characteristic of the relative utility of conciliation and voluntary arbitration the world over. In the percentage of cases actually settled by the two methods, however, France is far above both England and the United States.

5. *Governmental Conciliation and Arbitration in the United States:* The first statutes providing for public conciliation and arbitration in the United States were adopted by New York and Massachusetts in 1886; and similar laws are found at present on the statute books of

[1] A translation may be found in *Bulletin of the (U. S.) Department of Labor*, No. 25, pp. 854-856.

about one-half of the states. These laws fall into three general classes: (a) those which aim simply to facilitate and strengthen private or local conciliation and arbitration; (b) those which authorize the commissioner of labor to intervene in labor disputes for the purpose of introducing conciliation or arbitration; (c) and those which instead of, or in addition to, the attempt to facilitate private conciliation and arbitration, provide for a more or less permanent and specialized central board. No real attempt has been made to administer these laws except in about nine states, and only five of these—Massachusetts, Indiana, Illinois, Ohio, and New York—have accomplished results worthy of attention. It so happens that the laws of these five states[1] all fall in group (c). The details of this legislation may be found in the fifth volume of the *Report of the Industrial Commission* (Chapter XI). Here, attention will be confined to the third group.

In this group the state board, as is usually the case, consists of three persons appointed by the governor, one an employer or selected from an employers' association, the second a wage-earner or selected from a labor organization, the third appointed on the recommendation of the other two. In Indiana the third member is the judge of the circuit court of the county in which the dispute occurs, while here as in Massachusetts and elsewhere the board may be increased by expert assistants having special knowledge of the question in dispute. In Illinois

[1] In New York this work has recently been transferred to the Commissioner of Labor and his two assistants.

and Indiana it is provided that not more than two members of the regular board shall belong to the same political party. Disputants may by mutual consent refer disputes to the board for arbitration, or the board may on its own initiative intervene for the purpose of conciliating the parties, but in most of these states at least twenty-five persons must be involved in the dispute before the board may intervene. The acceptance of arbitration is in all cases purely voluntary, but if both parties do accept, rather stringent provisions exist for the enforcement of the award in Illinois, Indiana and Texas. In these states the breach of an award by anything like a strike or lockout may be punished as contempt of court; but in most of the states no real power of enforcing the award exists. Where the disputants will not agree to submit the quarrel to the board, the latter may now in most of the states investigate the dispute on its own initiative and publish a report of the investigation stating the cause and assigning blame and responsibility. In Indiana the board is positively directed to make this "compulsory investigation." In all five states the boards are empowered to subpoena witnesses and take testimony; in all except New York they may require the production of certain books and papers; but the Illinois board is the only one which has really adequate power of this sort.

The work of these boards is thus summarized in the seventeenth volume of the *Report of the Industrial Commission* (page cvi):

"(1) The action of the board in regard to a labor dis-

pute begins in a large majority of instances on its own initiative without application by the parties.

"(2) In nearly all of the remaining cases the application for the services of the State board comes from one party only, more frequently from the employees than from the employers. Only in rare instances do both parties at the outset apply to the board, thus giving it jurisdiction to render an authoritative decision. After the board has intervened by its own initiative or on the application of one of the parties, both are sometimes persuaded to join in an agreement to submit their disputes to formal decision by the board.

"(3) The intervention of the board usually takes place only after open rupture between the employers and employees; that is, after a strike or lockout has actually taken place. Only rarely do we find that the board is invited to conciliate or arbitrate before the dispute has resulted in cessation of employment, while naturally the board finds it difficult to learn of disputes before actual strike or lockout, in order to intervene on its own initiative. State boards frequently express regret that employers and employees have not reached the stage where they are willing to call in the services of impartial mediators and arbitrators at the outset, without waiting until a strike or lockout with its accompanying bitterness and loss, has occurred."

The following table has been interjected more as a summarized statement of the success of the state boards, than as an accurate statistical exhibit. The work of the arbi-

WORK OF THE STATE BOARDS OF CONCILIATION AND ARBITRATION

Strikes and Lockouts	Illinois	Indiana	Mass.	N. Y.	Ohio
	1895-1899	1897-1900	1894-1900	1894-1900	1893-1899
Number in the State	1,128	183	516	2,156	744
Cases considered . . .	49	79	232	157	89
Settled by Arbitration	7	55 (?)	53	11(?)	8
Settled by Conciliation	22		72	76	85
Investigated by Board on its own initiative	8	4 (?)	6	20(?)	. . . .

Estimate computed from the Report of the In. Com., XVII. pp. 429-457.

tration boards does not lend itself to brief quantitative statement. The general impression left by the table is, however, perfectly correct. That the state boards of Massachusetts and Indiana, for instance, succeed in adjusting so large a proportion of the disputes which occur in their respective states demonstrates that the state board may be made a valuable adjunct in the work of bringing about industrial peace. Remembering, however, that these five boards are the only ones, with three or four unimportant additions, which are doing anything at all, we are forced to conclude that voluntary state arbitration certainly has not furnished, and probably will never furnish, an adequate solution of the problem of industrial war.

How can the state boards be improved? How can they

be brought to the full limit of their industrial efficiency? Students of the subject will probably agree in the following recommendations:

First and foremost, that these boards should be manned by active, earnest, and if possible, by distinguished men, *giving their entire time to this work.* In every department of administration it is the men behind the law who make or mar it, but in this work of conciliating angry, irritated disputants who entertain something akin to contempt for the men who pave the way for industrial peace, it is absolutely necessary that the character and ability of the conciliators be such as to command confidence and respect. And it is quite as important that the men who compose these boards should devote their entire time to this work. In the great majority of the states having arbitration boards, the members are paid only while engaged in actual service, and then the compensation is low, usually five dollars a day. This, more than any other single fact, explains the utter failure of the boards in most states.

Secondly, better measures must be devised for informing the boards of contemplated strikes and lockouts. At present, mayors and other local officials, who have little or no means of acquiring advance information about labor disputes, are charged with the duty of notifying the boards, or the latter are left to acquire their knowledge through the daily papers or by public rumor. In either case, the mischief is done and the battle is on long before the board can get to work. It is of vital importance that

these disputes should be nipped in the bud. Once the issue is drawn, ultimatums issued, and the pride of the contesting parties aroused, the overtures of the mediator are apt to be rejected with scorn.

Thirdly, adequate power to compel the production of necessary books and papers should be given; and the boards should be required to make a "compulsory investigation," and publish a finding in which an approximately just solution of the dispute would be proposed and responsibility for the continuance of hostilities properly placed.

Finally, a permanent and specialized national board should be created, charged with the office of conciliation in widespread national strikes and those involving interstate commerce. An admirable bill providing for such a board, drawn up by Mr. Volney W. Foster of Chicago, was introduced in a recent session of Congress, but failed to become a law.

6. *Collective Bargaining, Joint Conferences and Trade Arbitration:* Publicists and particularly preachers in recent years have indulged in a vast amount of sentimentalism about the "innate harmony of interest between capital and labor." Such a harmony of interest does exist in a very broad social sense, inasmuch as capital and labor must coöperate in the work of production, and the larger this product the greater—other things being equal—will be the general social welfare. But in a far more intimate and personal sense, no such harmony exists. A portion of the product of industry may go either to the

employer as profits or to the wage-earner as wages; what the one gets the other loses; in the division of this portion of the product the two classes are necessarily rivals; and while the wage system endures no amount of repetition about "harmony" and coöperation" can ever disguise or eliminate this immediate individual antagonism.

The two classes, then, must fight it out: the important question is—how shall the fight be conducted? Evidently it may be fought out by the violent means of strikes and boycotts; or in the judicial fashion of a law suit, before arbitrators; or by the commercial method of higgling over terms and prices, which Mr. Mundella has called "a long jaw," and Mrs. Webb, "collective bargaining." It is the last method with which we are concerned here. Collective bargaining of course takes place as soon as organized labor can persuade or compel an employer to deal with his employees collectively or by common rules. This informal and sporadic collective bargaining must have begun very early in England, and is properly treated in connection with the strike and labor organizations. In time, however, a fixed place and regular time of meeting are appointed, in order that the negotiation may not break down, or fail to be resumed—that is to say, collective bargaining becomes regular and formal. It is with formal collective bargaining alone that we are concerned in this chapter.

Just when formal collective bargaining began it is difficult to say. Mr. Weeks tells us that peace was secured in the pottery trade of England after 1836 by the insertion

in wage-contracts of clauses providing for the arbitration of differences, thus implying that recurrent conferences were held for the adoption of such contracts. Dr. Spence Watson tells us that "there were one or two instances of boards which aimed at the joint arrangement of prices and wages, even so early as 1853." But the first successful trade board of arbitration[1] was established in 1860 for the hosiery and glove trade of Nottingham, England, by Mr. A. J. Mundella, a manufacturer who had risen from the working classes. The time seemed ripe for the movement. In March, 1864, and it appears independently of the Nottingham movement, a somewhat similar board was formed in the Wolverhampton building trade; and on March 22, 1869, the iron manufacturers in the north of England united in the formation of the celebrated Board of Arbitration and Conciliation for the North of England Manufactured Iron Trade, which has operated with wonderful success and efficiency since that time.

In the United States, the same forces were evidently at work. As early as 1865, the United Sons of Vulcan and the manufacturers of iron in the Pittsburg iron district inaugurated the custom of joint conferences for the establishment of wage-scales; and on February 13, 1865, a sliding scale for boiling work was agreed to, which was the first of the many scales which have since been adopted in joint conference between the iron and steel manufacturers and the successor of the United Sons of Vulcan, the

[1] Almost always called boards of conciliation or boards of conciliation and arbitration, in England.

Amalgamated Association of Iron, Steel and Tin Workers of the United States. About 1869 a similar movement began in the anthracite coal regions of Pennsylvania which, as in the iron trade, resulted in the general adoption of the principle of the sliding scale, and the creation of a trade board of arbitration in April, 1871, which never worked with success. In the boot and shoe trade of Lynn, Mass., a trade board of arbitration was formed by the manufacturers and the Knights of St. Crispin as early as July 21, 1870, which did operate successfully for about two years. This is possibly the first successful attempt to introduce formal arbitration in the United States.

A few years later the movement of conciliation and arbitration was well under way.[1] In England, men like Mr. Mundella, Sir Rupert Kettle, Dr. Spence Watson, Henry Compton and others were not only settling disputes successfully by conciliation and arbitration, but were enthusiastically engaged in a propaganda of the virtues and advantages of the system. The United States was interested in the movement. In 1876 the Massachusetts Bureau of Statistics of Labor made an investigation of the subject. In 1878 Mr. Joseph D. Weeks was sent to Europe by the Governor of Pennsylvania, to study this question. In January, 1879, the first board with really adequate by-laws and provisions for

[1] It is interesting to note that as early as 1874 the late Senator Hanna participated in a short-lived system of joint conferences, formed in the mining industry of the Tuscarawas Valley (Ohio) December 17, 1874.

recurrent meetings was established in the cigar factory of Straiton and Storm of New York; and April 24, 1885, a successful joint arbitration committee of the Mason Builders' Association and the Bricklayers' Union was formed in New York city, which met once a month and has successfully prevented strikes from its formation to the present time. Since 1885 the system of joint conferences and trade agreements has extended slowly but steadily over all the industrial sections of the United States.

7. *Structure and Organization of Joint Conferences and Trade Boards of Arbitration:* The prototype of the most highly developed trade board of arbitration is the local trade agreement for irregular collective bargaining, hundreds of which are adopted every year at the close of strikes. It includes only the workmen and employers of a single trade in a restricted district, and there is no provision for regular meetings. A perfect illustration is found in what is probably the first successful trade agreement adopted in the United States, that made July 23, 1867, between the Committee of (Iron) Boilers and (Pittsburg Iron) Manufacturers, which fixed wages in accordance with a sliding scale that could be dissolved by either party on thirty days' notice, and provided that in such an event "immediate steps shall be taken by both parties, following said notice, to meet, and endeavor to arrange the difference, and settle the difficulty which occasioned said notice."

Such an agreement fails to give that assurance of peace

for a definite period which is the principal desideratum to the employer. To remedy this unnecessary defect, new agreements are made for a specific time, usually a year, at the end if which period a meeting is held to bargain about terms and wages for the ensuing year. This is the local trade agreement for regular joint conferences, and is well illustrated by the early agreements made by the Amalgamated Association of Iron, Steel and Tin Workers with individual manufacturers. Soon, however, the trade union grows into an organization of national scope, the employers form an Association of Bar Iron Manufacturers, combine in a Republic Iron and Steel Company, or federate in a Labor Bureau Association; and the agreements made by these organizations with the Amalgamated Association are not only national in scope, but cover all the trades in a single industry, or, perhaps, in a number of related industries. We thus get various forms of national trade agreements for regular joint conferences.

The successive stages in the development of the mechanism of secondary and primary arbitration hardly require description. It is soon found that the annual agreements need constant interpretation to fit the stubborn facts of exceptional cases; and employers and employees who are by no means ready to accept primary arbitration, agree to incorporate into the system some provision for the arbitration of minor differences arising in the interpretation of the joint agreement; and thus emerges the group of agencies for *collective bargaining*

and secondary arbitration, a good illustration of which is found in the joint Agreement Between the Architectural Iron League and the Bridge and Structural Iron Workers' Union No. 1, adopted in Chicago, April 1, 1903.[1] This system having demonstrated its efficiency, the desire to eliminate all possibility of strikes leads to the extension of secondary arbitration into primary arbitration, and an agreement is made that every difference, however important and wide-reaching, which can not be settled by protracted collective bargaining, shall be referred to arbitrators and an umpire. Thus we reach the highest form of peace organization: a permanent trade or industrial board for collective bargaining and arbitration, such as those established by the Mason Builders' Association of Boston with the Stone Masons', Bricklayers' and other unions of Boston.

In the United States at the present time there are a large number of local systems of joint conferences or trade arbitration, and about a dozen broad, national systems. Of the latter only one or two, strictly interpreted, provide for secondary arbitration; and only one—the Arbitration Agreement between the American Publishers' Association and the International Typographical Union—provides for complete or primary arbitration, and even in this agreement arbitration has recently been confined to questions of wages.

In Great Britain, the machinery of conciliation and

[1] An unusually instructive agreement of this kind, which the reader may find conveniently in *Bulletin of the (U. S.) Bureau of Labor,* No. 49, pp. 1322-1327.

arbitration is much more highly developed. To give some idea of the ultimate form of organized conciliation and arbitration we quote in detail below the rules of the most successful board that has yet been devised, a board that has settled about 1,500 ordinary disputes, about 30 wide-reaching difficulties, affecting the wages of the entire trade of a very large district, and for thirty-five years has practically eliminated strikes in one of the most complex and important industries in England. A few unimportant by-laws have been omitted, and some of the more important rules italicized, whose bearing and significance the reader is earnestly requested to consider.

RULES AND BY-LAWS OF THE BOARD OF CONCILIATION AND ARBITRATION FOR THE MANUFACTURED IRON AND STEEL TRADE OF THE NORTH OF ENGLAND.

RULES

1. The title of the board shall be The Board of Conciliation and Arbitration for the Manufactured Iron and Steel Trade of the North of England.

2. The object of the board shall be to arbitrate on wages or any other matters affecting the respective interests of the employers or operatives, and by conciliatory means to interpose its influence to prevent disputes and put an end to any that may arise.

3. The board shall consist of one employer and one operative representative from each works joining the board. Where two or more works belong to the same proprietors, each works may claim to be represented at the board, but in all such cases where iron and steel is worked, it is recommended that one representative shall represent iron and one steel; such arrangements shall, however, be optional on the part of the firm and workmen jointly.

4. The employers shall be entitled to send one duly accredited representative from each works to each meeting of the board.

5. The operatives of each works shall elect a representative by ballot at a meeting held for the purpose on such day or days as the standing committee hereafter mentioned may fix, in the month of December in each year, the name of such representative and of the works he represents being given to the secretaries on or before the 1st of January, next ensuing.

6. If any operative representative die or resign, or cease to be qualified by terminating his connection with the works he represents, a suc-

cessor shall be chosen within one month, in the same manner as is provided in the case of annual elections.

7. The operative representatives so chosen shall continue in office for the calendar year immediately following their election, and shall be eligible for re-election.

7a. In case of the total stoppage of any works connected with the board, both employer and operative representatives shall, at the end of one month from the date of such stoppage, cease to be members of the board, and of any committee on which they may have been elected. Any vacancies so resulting from this or any other cause shall be filled up by the committee affected.

8. Each representative shall be deemed fully authorized to act for the works which has elected him, and the decision of a majority of the board, or in case of equality of votes, of its referee, shall be binding upon the employers and operatives of all works connected with the board.

9. The board shall meet for the transaction of business twice a year, in January and July, but by order of the standing committee the secretaries shall convene a meeting of the board at any time. The circular calling such meeting shall express in general terms the nature of the business for consideration.

10. At the meeting of the board to be held in January in each year it shall elect a referee, a president, and vice-president, two secretaries, two auditors, and two treasurers, who shall continue in office till the corresponding meeting of the following year, but shall be eligible for re-election. The president and vice-president shall be ex-officio members of all committees, but shall have no power to vote.

11. At the same meeting of the board a standing committee shall be appointed as follows: The employers shall nominate 10 of their number, exclusive of the president (not more than 5 of whom shall be entitled to vote or take part in any discussion at any meeting of the committee), and the operatives 5 of their number, exclusive of the vice-president.

12. The standing committee shall meet for the transaction of business prior to the half-yearly meetings, and in addition as often as business requires. The time and place of meeting shall be arranged by the secretaries in default of any special direction.

13. The president shall preside over all meetings of the board, and of the standing committee, except in cases that require the referee. In the absence of the president a temporary chairman, without a casting vote, shall be elected by the meeting.

14. All questions requiring investigation shall be submitted to the standing committee or to the board, as the case may be, in writing, and shall be supplemented by such verbal evidence or explanation as they may think needful.

15. All questions shall, in the first instance, be referred to the standing committee, who shall investigate and have power to settle all matters so referred to it, except a general rise or fall of wages or the selection of an arbitrator to be empowered to fix the same. Before any question be considered by the standing committee an agreement of submission shall be signed by the employer and operative delegate of the

works affected and be given to the committee. In case of the standing committee failing to agree the question in dispute shall be submitted to the referee, who shall be requested to decide the same, but in all such cases witnesses from all the works affected may be summoned to attend and give evidence in support of their case.

16. *No subject shall be brought forward at any meeting of the standing committee or of the board unless notice thereof be given to the secretaries 7 clear days before the meeting at which it is to be introduced.*

17. All votes shall be taken at the board and standing committee by show of hands, unless any member calls for a ballot. If at any meeting of the board the employer representative or the operative representative of any works be absent, the other representative of such works shall not, under the circumstances, be entitled to vote.

18. *When the question is a general rise or fall of wages, a board meeting shall be held, at which the referee may be invited to preside, and in case no agreement be arrived at a single arbitrator shall be appointed, and his decision at or after a special arbitration held for the purpose shall be final and binding on all parties. The referee may by special vote of a majority of the board be appointed arbitrator.*

19. Any expense incurred by the board shall be borne equally by the employers and operatives, and it shall be the duty of the standing committee to establish the most convenient arrangements for collecting what may be needed to meet such expenses. The banking account of the board shall be kept in the name of the treasurers, and all accounts shall be paid by check signed by them.

20. The sum of 10s. [$2.43] for each member of the board or standing committee shall be allowed for each meeting of the board or standing committee. This sum shall be divided equally between the employers and operatives, and shall be distributed by each side in proportion to the attendance of each member. In addition, each member shall be allowed traveling expenses at the rate of 3 half-pence [3 cents] per mile, and when an operative member is engaged on the night shift following the day on which a meeting is held he shall be allowed payment for a second shift.

21. The operative representative shall be paid for time lost in attending to grievances at the works to which he belongs at the rate of 10s. [$2.43] for each shift actually and necessarily lost. Should he, however, lose more time than reasonably necessary in the opinion of the manager, the latter shall fill up the certificate only for such amount as he considers due before signing it. Whatever sum or sums in this or any other way be paid to operative representatives in excess of what is paid to employer representatives, railway fares alone excepted, one-half of such excess shall concurrently be credited to the employers collectively. An account of attendances, and fees paid to each representative shall be kept, and the secretaries shall call the attention of the standing committee to any case where the cost of adjusting disputes at any works exceeds, in their opinion, a proper amount in proportion to the number of operatives employed.

22. Should it be proved to the satisfaction of the standing committee that any member of the board has used his influence in endeavoring to prevent the decisions of the board or standing committee from being

carried out, he shall forthwith cease to be a representative, and shall be liable to forfeit any fees which might otherwise be due to him from the board.

23. If the employers and operatives at any works not connected with the board should desire to join the same, such desire shall be notified to the secretaries, and by them to the standing committee, who shall have power to admit them to membership on being satisfied that these rules have been or are about to be complied with.

24. No alteration or addition shall be made to these rules, except at the meeting of the board to be held in January in each year, and unless notice in writing of the proposed alteration be given to the secretaries at least 1 calendar month before such meeting. The notice convening the annual meeting shall state fully the nature of any alteration that may be proposed.

25. The standing committee shall have power to make from time to time such by-laws as they may consider necessary, provided the same are not inconsistent with or at variance with these rules.

The board earnestly invites the attention of all who belong to it, either as subscribers or as members, to the following instructions:

If any subscriber to the board desire to have its assistance in redressing any grievance, he must explain the matter to the operative representative of the works at which he is employed. Before doing so he must, however, have done his best to get his grievance righted by seeing his foreman or the manager himself.

The operative representative must question the complainant about the matter, and discourage complaints which do not appear to be well founded. Before taking action, he must ascertain that the previous instruction has been complied with.

If there seem good grounds for complaint, the complainant and the operative representative must take a suitable opportunity of laying the matter before the foreman, or works' manager, or head of the concern (according to what may be the custom of the particular works). Except in case of emergency, these complaints shall be made only upon one day in each week, the said day and time being fixed by the manager of the works.

The complaint should be stated in a way that implies an expectation that it will be fairly and fully considered, and that what is right will be done. In most cases this will lead to a settlement without the matter having to go further.

If, however, an agreement can not be come to, a statement of the points in difference shall be drawn out, signed by the employer representative and the operative representative, and forwarded to the secretaries of the board, with a request that the standing committee will consider the matter. An official form, on which complaints may be stated, can be obtained from the secretaries.

It will be the duty of the standing committee to meet for this purpose as soon after the expiration of seven days from receipt of the notice as can be arranged, but not later than the first Thursday in each month.

It is not, however, always possible to avoid some delay, and the complainant must not suppose that he will necessarily lose anything by hav-

ing to wait, as any recommendation of the standing committee or any decision of the board may be made to date back to the time of the complaint being sent in.

Above all, the board would impress upon its subscribers that there must be no strike or suspension of work. The main object of the board is to prevent anything of this sort, and if any strike or suspension of work take place, the board will refuse to inquire into the matter in dispute till work is resumed, and the fact of its having been interrupted will be taken into account in considering the question.

It is recommended that any changes in modes of working requiring alterations in the hours of labor, or a revision of the scale of payments, should be made matters of notice, and as far as possible, of arrangement beforehand, so as to avoid needless subsequent disputes as to what ought to be paid.

We have presented here an English agreement as a model of the most successful form of collective bargaining and trade arbitration because in the work of labor organization and industrial peace England seems to be about a generation in advance of the United States, and because the writer firmly believes that practically the same line of development will be followed in the United States. But it should be said at once that the most competent authorities differ respecting the advisability of incorporating any provision for arbitration in trade agreements. In England two such experts as Beatrice and Sidney Webb deny that trade arbitration has any logical or permanent place in the settlement of labor disputes. In our country the arbitration agreement in the newspaper trade has recently been restricted, and the two broad interstate systems—those in the bituminous coal trade and the stove foundry trade—which on the whole have worked the most successfully, depend at every stage upon pure negotiation between equal numbers of employers and employees. The great defect of trade arbitration is that

it tends in one way to discourage collective bargaining. It is an extremely disagreeable task for the representatives of the workmen in a joint conference to accept terms which are unsatisfactory to their constituency; and where a provision for arbitration exists, these representatives are strongly tempted to put the onus of disappointing the workmen upon the shoulders of the arbitrators.

On the other hand a casual reading of the local agreements published regularly in the *Bulletin of the Bureau of Labor* will convince the reader that trade arbitration for restricted districts is not going out of favor. Not only has trade arbitration worked with conspicuous success for years in the bricklaying trade of New York, the building trades of Boston, and the shoe manufacturing industry of Philadelphia, but the New York building contractors, in one conspicuous instance,[1] refused to bargain with their employees collectively, except under an agreement embodying an arbitration clause. The agreement has since broken down, it is true, but the incident illustrates how strong a demand for arbitration may be created by several years of industrial war.

Surveying the whole American experience with this problem, and taking account of the extreme difficulty of deciding by arbitration broad principles respecting the conditions of future employment, it seems probable that collective bargaining without arbitration will become supreme in the negotiations between national or interstate

[1] See the article by J. R. Commons in the *Quarterly Journal of Economics* for May, 1904.

associations of employers and employees, that the national agreements will provide for local secondary arbitration, and in places or specific trades where peace is particularly desirable, for certain forms of primary arbitration. The development will be complex, not simple, because industrial peace is much more desirable in some trades than in others. The great mass of factory workers, for example, may get along permanently, perhaps, with simple collective bargaining; but the stationary engineers who run the machinery with which the factory hands work, should accept arbitration as a last resort, in order to remove the possibility of throwing all the employees out of work; and the continuous operation of the railroads should be maintained, even if it necessitates the introduction of compulsory arbitration.

Leaving this moot question of arbitration about which the most competent authorities differ, we may conclude this section of the subject with a brief statement of some of the lessons taught by forty years' experience in England and the United States:

(a) First and foremost, conciliation and collective bargaining are the important elements. The victory is almost won when employers are induced to lay aside their determination to deal with individuals only, acknowledge the right and necessity of organization among their workmen, and join with the representatives of their employees in a friendly, informal discussion of differences. (b) The utility of arbitration is, as we have seen, disputable, but in any event it should never be employed except as a last

resort. (c) Opinions differ whether the final arbiter should be an expert in the industry or a judicially minded "outsider," but experience demonstrates that in either case he should be selected in advance. The reason for this is obvious. (d) No stoppage of work must be permitted pending the decision of a dispute. To say nothing of the loss involved, peaceful settlement becomes infinitely more difficult after the pride and fighting spirit of the two sides has been aroused by an open rupture. The Federated Association of Boot and Shoe Manufacturers of Great Britain and the National Union of Boot and Shoe Operatives post a forfeit of £500 each to indemnify the other side for loss occasioned by a strike declared by the workmen or a lockout declared by the employers. (e) The requirement of a month's notice or more of any demand for extensive changes in the employment contract, has proved extremely efficacious in preventing impulsive action. The first section of the agreement between the Tyne, Wear, Tees and Hartlepool Shipbuilders and the Executive Council of the Boiler Makers and Iron and Steel Shipbuilders' Society provides that no general alteration of wages shall be made until after six calendar months have elapsed from the date of the last alteration, and that no single alteration shall exceed five per cent. (f) Generally, collective bargaining requires strong and widespread organization among both the employers and the workmen. The trade union must be powerful enough to hold its men to their contracts. The employers' association must be inclusive enough to

control the leading establishments whose terms of employment fix the standards for the industry. (g) The greatest result accomplished by conciliation is the creation of mutual trust and respect between the representatives of labor and capital. In the accomplishment of these ends it is plainly desirable: (α) that the same representatives should be retained by both sides as long as possible, (β) that these representatives should come fully empowered to conclude binding contracts, (γ) and that the meetings should be as frequent and as informal as possible. "When the cigars are lit and the representatives of the two interests get their feet under the same table, nothing can prevent the consummation of a peaceable agreement." (h) Finally, it should be noticed, that the most efficient boards almost always have a sub-committee consisting of or controlled by, the presidents, secretaries or other expert officials of the two organizations, who are empowered to manage, and often to settle, disputes arising out of the interpretation of the general contracts adopted by collective bargaining. Two competent and well-disposed officials of this kind can, and often do, by their own exertions, maintain peace and good feeling in the industry for years.

8. *Statistics of Collective Bargaining and Trade Arbitration:* The extent of the work done by the private agencies of industrial peace in the United States, can not be measured even approximately, although it is undoubtedly enormous. Some idea of the extent of the system, however, may be gathered from the trade agreements

published regularly in the Bulletin of the Bureau of Labor, and from the detailed descriptions in the Reports of the Industrial Commission,[1] which the reader is advised to consult.

In Great Britain conciliation and arbitration is much more extensive, and we have much more satisfactory data relating to its results and accomplishments. In 1903 there were at least 73 permanent boards of conciliation and arbitration, which dealt with 1,633 cases, and settled 788—506 by conciliation and 282 by arbitration. A more striking evidence of the influence of conciliation and arbitration, however, is found in the number of strikes. Although quite as large a proportion of the working classes are organized in Great Britain as in the United States, there were only 387 strikes in the whole United Kingdom in 1903, involving 116,901 persons,—fewer strikes and strikers than in the city of Chicago alone, for the same year.

By far the best indication of the importance of collective bargaining, conciliation and arbitration in the United Kingdom, is found in the statistics of the methods by which changes of wages are accomplished there. The proportion of such changes made without recourse to strikes or lockouts, is the best index of the success of these agencies of industrial peace. From the statistics published in the following table it appears that considerably more than 90 per cent. of the readjustments of the terms of employment in the United Kingdom are regularly

[1] Vol. XVII, Pt. III, ch. I, II.

Changes of Wages in the United Kingdom

Year	Persons whose wages were changed								
	Without stoppage of work					After stoppage of work[1]			
	Under sliding scales	By conciliation or mediation	By arbitration	By mutual arrangements or otherwise	Total	By conciliation or mediation	By arbitration	By mutual arrangements or otherwise	Total
1897 .	135,618	11,796	307	405,492	553,213	1,460	1,959	40,812	44,231
1898 . .	169,047	25,659	3,850	764,578	963,134	1,015	2,050	48,970	52,035
1899 . .	178,018	364,616	11,636	587,033	1,141,303	1,581	1,452	31,240	34,273
1900 .	183,889	469,520	5,827	421,590	1,080,826	1,030	3,780	50,150	54,960
1901 . .	191,205	495,000	11,508	219,860	917,573	180	667	13,706	14,553
1902 . .	172,988	536,959	2,600	165,010	877,557	136	1,457	11,206	12,799
1903 .					882,850				13,748

[1]The statistics in this table make a somewhat too favorable showing, owing to the fact that no account is taken of strikes for increase of wages, which failed.

accomplished by sliding scales, conciliation, arbitration and other forms of peaceable bargaining. The strike problem seems to be approaching a solution in the United Kingdom; and if some certain preventative of strikes on railroads and in other quasi-public industries existed, the conditions and tendencies in the United Kingdom could be regarded as satisfactory.

9. *Compulsory Arbitration in New Zealand:* The celebrated Conciliation and Arbitration Act of New Zealand,[1] which has since been substantially copied in West Australia and New South Wales, was passed August 31, 1894, largely through the efforts of its author, Mr. W. P. Reeves, who was at that time Minister of Labor of New Zealand.

The machinery of the New Zealand system is simple. The colony is divided into eight industrial districts—competitive zones—for each of which there is an ordinary Board of Conciliation. For the colony as a whole there is a final Court of Arbitration appointed by the governor, one member from nominees of the labor unions, one member from nominees of the employers' unions and a third —the president of the court—from the justices of the Supreme Court. Employees desiring to bring a dispute before either a Board or the Court must form an "industrial union" and register under the act. Seven employees are sufficient to form such a union. Disputes

[1] A reprint of the law, as later amended and consolidated, may be found in *Bulletin of the (U. S.) Bureau of Labor,* No. 49, preceded by what is, on the whole, the best short discussion of its operation and effects, from the pen of Dr. Victor S. Clark.

may be taken directly to the Court, but ordinarily they go first to a Board of Conciliation. If the Board is tactful enough to bring about a compromise, this agreement is recorded and has all the binding force of a compulsory award. If the parties can not be brought to an amicable agreement, the Board makes an initial award—a "recommendation"—which becomes compulsory if an appeal is not taken within one month to the Court of Arbitration. The latter is much what its name implies, a *court*, with unusual jurisdiction and power. Proceedings before it are very simple: no lawyer is allowed to plead before it except by unanimous consent of all parties. But the jurisdiction of the court covers every sort of dispute (not involving a crime) that may arise between workmen and their employers, and within that sphere the court is absolute: it legislates upon wages, apprenticeship, hours of labor, and then in turn punishes the breach or neglect of its own laws, and its decisions, says the law, are not "liable to be challenged, appealed against, reviewed, quashed, or called in question by any court of judicature on any account whatsoever."

It is easy to see how strikes are prevented. As soon as an application for the settlement of a dispute has been made, and until the award is granted, "any thing in the nature of a strike or lockout" becomes unlawful, and unions or persons violating this provision are liable to a summary penalty of £50. Awards or agreements are rendered for specific periods of time, but they remain in force indefinitely until replaced by other awards or

agreements. For the breach of an award the Court may impose a fine not exceeding £500 upon any employer or union, and if the union of workers has not sufficient funds, may fine individual members in a sum not exceeding £10. Under ordinary circumstances, however, no attempt is made after the award is granted, to prevent the employer from discharging workmen, or individual workmen from leaving the employer. Immediately after a recent award, the manufacturer in question discharged seventeen workmen, and the Court decided that this did not constitute a breach. During this trial, however, the Court stated that any strike or lockout during the life of an award would be punished as a breach, but very properly reserved the right to decide what constitutes a strike or lockout. This dual right to quit work or discharge workmen in the face of an award has been denominated a "fatal flaw" in the New Zealand system, but the position of the Court is entirely logical. As pointed out on page 176, the quittance of work by a number of wage-earners is not a strike, the discharge of a number of wage-earners not a lockout. And it is only the strike and the lockout which we wish to prevent. Finally—and this consideration seems decisive—the Court is empowered to decide absolutely what constitutes a breach, and if at any time its decisions seem in danger of being evaded, may enforce them just as rigidly and strictly as it desires.

The Court, while nominally a judicial body, in reality legislates upon terms of employment throughout the whole colony. This appears from the nature and scope

of its awards. (a) The latter cover all points involved in controversies concerning the hours of labor, labor of women and children, proportion of apprentices, introduction of labor-saving machinery, preference of union over non-union employees, and wages. The wage awards usually prescribe minimum rates with permission, under strict supervision, to pay less to old men and relatively incompetent workmen. The decisions giving preference to unionists and those regulating the proportion of apprentices have perhaps aroused the deepest resentment and criticism from employers. On the whole these awards have been conservative in the best sense. It is clearly seen and candidly admitted that nothing can save the system if the awards either oppress labor or repress industry unnecessarily, and the Court seems to have been guided by a conscientious effort to grant wage-earners the most liberal terms consistent with the healthy and uninterrupted growth of the industries of the colonies.

(b) When an award favorable to the employees is granted, it is plainly necessary that the employer involved should not be placed at a disadvantage in competing with his natural rivals. For this reason awards now apply not only to the employer and union involved in the original dispute, but to every employer and employee in the same industry within the industrial district for which the award was rendered. *And when desirable* the award may be made binding upon the given industry throughout the whole colony, or upon those "related industries" which are so connected with the original industry that

matters relating to the one may affect the other. For example, the building industries are declared to be so related. The result of these provisions is that once a dispute is taken up, it is certain "to lead to the enactment of legally binding 'common rules' for the whole trade."

The most apparent defect of the New Zealand system is its dependence upon organized labor. Neither the Court nor a Board can settle a dispute on its own initiative; neither employees nor employer can refer a dispute unless the employees are organized. This seems one-sided. Seven workmen may form a union and force their employer to arbitrate a demand for higher wages, but an employer cannot force his workmen to arbitrate a demand for reduction unless they are already organized. Again, while a union of workers cannot escape the obligations of an award by simply disbanding, it can prevent the prolongation of an award beyond its specified term—which cannot exceed three years—by cancelling its registration. The whole system, then, seems dependent upon the good-will of organized labor, since the workers may leave Boards and Court helpless, wholly without jurisdiction, *as soon as it becomes profitable on the whole to disband the unions.* The usual answer to the criticism is suggested by the italicized words. "It will never become profitable to the wage-earners to disband the unions. And moreover the employer is well able to settle the question himself when the dispute is with unorganized labor." The answer is hardly convincing, but this defect has caused no trouble up to the present time and could be

remedied, as it has been in New South Wales, by a slight change in the wording of the law.

Compulsory arbitration has worked well in New Zealand: since its introduction only four or five unimportant strikes have taken place, sweating seems to have been practically eradicated, the decisions of the Court, with a few trivial exceptions, have been loyally obeyed, and the industry of the colony has grown enormously. The wage-earning classes are enthusiastic supporters of the system; and if, as Dr. Clark shows, a majority of the employers are vigorously opposed to the present law, an equal majority, as Judge Backhouse makes clear, have been converted to the general principle of compulsory arbitration.

But the experiment is not a decisive one; not decisive yet even for New Zealand, and certainly not decisive for older countries. Since the introduction of compulsory arbitration, New Zealand has enjoyed a period of unusual and uninterrupted industrial prosperity which is certainly not due exclusively to the arbitration law, and in consequence of which, almost all the awards have been favorable to the demands of the workmen. Recalling the dependence of the system upon the good will of organized labor, one cannot help doubting whether the system will work as smoothly when the inevitable period of depression sets in. Moreover, when compulsory arbitration was introduced, the industrial system of New Zealand was simple, pliable and adaptable. This is strikingly illustrated by the fact—not mentioned by the enthusiastic ad-

mirer of the compulsory arbitration law who asserted that it had made New Zealand "a country without strikes"—that in the two years preceding its passage there were only about four unimportant strikes recorded in the colony. A majority of the disinterested students of the New Zealand law undoubtedly believe that it will be a permanent success. But the facts recited above make it questionable whether the system can endure a protracted period of industrial depression, make it questionable whether the system will work even in New Zealand when the industrial fabric has become at once more complex and more sensitive, and make it still more questionable whether the system can be successfully introduced in the United States, where industrial relations are more complex, and the legal system at the same time cumbersome, rigid and uncertain.

10. *Compulsory Arbitration in the United States:* In the preceding paragraphs we have traced in their general historical sequence, the development of the various agencies of industrial peace. It remains to call attention to the latest development in this subject, a development of doctrine only, but one of great significance.

Without going into details it may be said at once that an overwhelming majority of our people oppose the proposition to introduce any complete system of compulsory arbitration into the United States, while the consensus of opinion among the students of this subject is that any such system would prove at once unworkable and unconstitutional. These facts open up a dismal prospect, bo-

cause collective bargaining and trade arbitration, which undoubtedly must do the detailed work and bear the greater burdens of maintaining industrial peace, have two signal defects: they require for their general introduction a long educational process during which the public can ill afford to be wholly passive, and they never provide that certain preventive of strikes which is required in some industries. We can tolerate the prospect of strikes on a small scale in competitive industries, until labor and capital shall have been educated up to collective bargaining and trade arbitration, but we can not and should not, as a people, tolerate the possibility of a repetition of the Chicago railway strike of 1894, or the anthracite coal strike of 1902. This expresses, or connotes, in brief, what we have called the latest development in this subject: the growth of a strong demand among the most thorough students of the labor problem in this country, for legal regulations that will prevent strikes and lockouts in those monopolistic industries upon whose continuous operation the public welfare intimately depends. The justice of this demand is plain: its expediency and practicability require further discussion.

The legal difficulties in the way of general compulsory arbitration grow out of what is known as the constitutional right of the freedom of contract. Under ordinary circumstances men have a right to buy or sell labor without let or hindrance, and this right can not be infringed by anything short of a constitutional amendment. Basing their decisions upon this broad doctrine, our courts have

been forced, for instance, to annul as unconstitutional such generally desirable measures as laws prohibiting truck payment and company stores. This doctrine of freedom of contract, then, would plainly prevent the introduction of any law which empowered a court of arbitration to dictate to the employer what he could pay and to the employee what wages he could accept.

There is, however, a striking and important exception to the doctrine above described. For centuries the legislature has possessed the right to regulate the prices charged for goods or services absolutely essential to the public welfare, when the supply of those goods or services was in the hands of a virtual monopoly. Thus the legislature regulates railway rates, elevator charges, and even in certain cases the price of bread. The theory is that these services or commodities are absolutely necessary to the public welfare or convenience, and offer to the combinations that control them exceptional means of exploiting the public, to prevent which the state must step in and fix certain maximum rates or charges. If the legislature may regulate prices in order to protect the public, certainly it may require the continuous operation of these industries in order to protect the public. In other words, it may take any necessary means to prevent the cessation of the industry by strikes or lockouts.

The legislature, then, undoubtedly has the legal power to establish compulsory arbitration for those industries, which, in the language of the law, are said to be "affected with a public use or interest." It is interesting to note

also that compulsory arbitration when applied to these industries would not be confronted with the economic dangers and disadvantages which attach to a general system of compulsory arbitration. The essential attribute of industries affected with a public interest—or quasi-public industries, as they are frequently called—is the element of monopoly. Now the factor which hopelessly complicates general compulsory arbitration is the necessity of maintaining the competitive *status quo*, of extending the award to the whole industry and bringing under the same regulation every competitor of the original employer. In a monopolistic industry this necessity does not exist. It stands in a sphere of its own. If necessary and desirable an increase of wages may be met with a summary increase of prices.

The limitations of space forbid any adequate discussion here of the details of this scheme of limited compulsory arbitration, although as this is a question of what is practicable, rather than of what is desirable, it must be confessed that the details are all important. The writer believes that a law incorporating the following provisions would be at once constitutional and workable:

A. The law to apply to specific industries affected "with a public use," and to specific public service corporations. Franchises granted to such corporations in the future, to contain a clause requiring conditions of employment to be settled as follows:[1]

[1] Several cities, including Galesburg, Illinois, and Seattle, Washington, have already incorporated clauses requiring labor disputes to be settled by arbitration, in franchises granted to street railway companies.

B. Conditions of employment to be fixed for annual periods, some time in advance, by collective bargaining between representatives of the employers and employees, as provided in the Victorian Wage Boards (described on page 496). Where either side refuses to elect representatives, or the representatives refuse to elect a standing arbiter or arbiters, such officials to be appointed by the Governor or by the courts.

C. Employment in such industries or service to be by individual enlistment or contract for a protracted period, say three months. Employers and employees to post bonds for the faithful performance of all agreements. The bond of the employees to be accumulated by retaining a percentage of their wages, as is done in the trade agreement between Wichert and Gardiner, of Brooklyn, and the Independent Union of Shoe Workers of Greater New York and Vicinity.[1]

D. Strikes, picketing and boycotts among such employees to be punished as criminal conspiracies, and special protection to be afforded the employer in case of strikes by police, militia and injunctions.

E. Lockouts to be declared illegal, with provision for

The franchise granted to the Seattle Electric Company, June 26, 1901, provides:

"That if any dispute shall at any time arise between the said grantee, its successors or assigns, and its or their employees, as to any matter of employment or wages, such dispute shall be submitted to arbitration. The grantee, its successors and assigns, and their employees shall be parties to any submission, and shall be entitled to be heard by the arbitrators, and any award when made shall be binding and conclusive for the period of one year from its date, upon the grantee, its successors and assigns, and upon their employees."

[1] See *Sixteenth Annual Report of the (New York) Bureau of Mediation and Arbitration*, p. 21.

the appointment of a receiver for the industry when its operation is discontinued.

To discuss the probable working of such a scheme in this place is impossible. In judging of its practicability, however, the reader is requested to consider carefully the validity of the following propositions: (a) That while individuals have a constitutional right to quit work when not under contract, they have no right to quit work in concert for the purpose of breaking a law; and a similar proposition ought to hold good for lockouts, which when ordered by the officers of a corporation amount to conspiracies. (b) That the logic which justifies the regulation of monopolistic rates or charges, justifies even more completely any regulation required to maintain the continuous operation of monopolistic industries, such as are included in this scheme. (c) That the successful maintenance of strikes depends largely upon public sympathy and support, which would be converted into vehement opposition to any body of workers who refused to accept the decision of an impartial judge or tribunal. (d) Finally, *that this is a scheme for compulsory collective bargaining*, rather than compulsory arbitration. The arbiter or board of arbiters would be specially elected for each industry, so as to prevent overwork; and they would probably be called upon only in exceptional cases. In these cases the decision would probably carry an irresistable weight, for, as Professor Ely says, referring to a somewhat different proposal, "a board with such powers would be comparable in its importance with the Supreme

Court of the United States, and if it were established it is to be supposed that men of like integrity and capacity would be appointed."[1]

In the end the question simmers down to this: Must the American democracy acknowledge that it is confronted with a serious industrial evil which it can not control because of legal obstacles and administrative weakness? We do not believe that it must.

REFERENCES: On the subjects discussed in this chapter, the reader will find a wealth of information and a thorough and scholarly discussion in the *Report of the Industrial Commission*, Vol. XVII, Pt. III, and Vol. XIX, pp. 833-862. In Mr. N. P. Gilman's recent book, cited below, comprehensive discussion of the whole subject is given, accompanied by suggestive bibliographical notes to which the reader is referred. Trade agreements are published regularly in the bulletins of the national, New York, and Massachusetts labor bureaus; while the *Monthly Review of the National Civic Federation* might well be called the official organ of industrial peace.

SUPPLEMENTARY READINGS:

1. "History of Industrial Conciliation and Arbitration in Europe," E. R. L. Gould, in the *Report of the Congress on Industrial Conciliation and Arbitration* (Chicago, 1894).
2. "Governmental Arbitration in the United States," *Report of the Industrial Commission*, Vol. XVII, pp. ci-cix.
3. The Limitations of Private Arbitration, Webb, *Industrial Democracy*, ch. III, pp. 222-246.
4. Collective Bargaining, *Final Report of the Industrial Commission*, pp. 833-847.
5. "Rights and Duties of the Public," Gilman, *Methods of Industrial Peace*, ch. IX, pp. 277-284.
6. "Is Authoritative Arbitration Inevitable?"
   (*a*) Clark, *Political Science Quarterly*, Vol. 17, pp. 553-567.
   (*b*) Adams, "Publicity as Opposed to Compulsory Arbitration" in the *Industrial Conference of the National Civic Federation*, 1902, pp. 58-78.
   (*c*) Gilman, "The Case for Legal Regulation," *Methods of Industrial Peace*, ch. XV, pp. 401-408.

[1] *Evolution of Industrial Society*, p. 384.

7. Limits of Compulsory Arbitration in the United States. Ely, *Evolution of Industrial Society*, Pt. II., ch X, pp. 374-397.

8. Organized Labor and Compulsory Arbitration, Mitchell, *Organized Labor*, ch. XXXVIII, pp. 337-346.

9. Compulsory Arbitration in Australia and New Zealand as described by the author of the first compulsory law: Reeves. *State Experiments in Australia and New Zealand*, Vol. I, pp. 59-181.

CHAPTER IX

PROFIT SHARING

One of the most important remedies proposed for the evils of the present labor situation, and one which, in the past, has received the commendation of philanthropists and economists, is profit sharing. As defined by the International Coöperative Congress in 1897, profit sharing is "the agreement, freely entered into, by which the employee receives a share, fixed in advance, of the profits." If the portion to be distributed were not determined beforehand, the share assigned the employees would be simply a gift. It is not, however, necessary that the percentage of the profits to be distributed should be known to the workmen, and sometimes, for business reasons, it is concealed.

This system should be clearly distinguished from those related forms of remuneration in addition to wages which depend upon some other factor than net profits. Under gain sharing, for instance, "the amount of the bonus is proportionate to the 'gain,' or saving in cost of production, irrespective of the rate of profit realized by the employer." It seems best, also, to exclude from this consideration of profit sharing any study of the system, still extensively employed in the fishing industry, under which

the reward of the fisherman is dependent upon the catch, and thus a share in profits is partially or wholly substituted for wages. Consideration will be given simply to the plan of paying to the employees a share of profits in addition to wages. Moreover, it has been necessary to exclude the large number of employers' welfare institutions, which embody profit sharing in the form of favorable conditions, instead of in extra payment of money. Though these have become increasingly popular in recent years, they are rarely claimed to rest upon any economic basis such as would entitle them to general application.

Profit sharing, then, involves no radical change in the wage system, but is merely a modification of that system. Moreover, it is not in any way dependent upon an acknowledgment of injustice in the present distribution of wealth. In fact, its ablest advocates usually contend that it is not primarily a means of equalizing wealth, but is rather a method of increasing the total product of industry and thereby of benefiting both employer and employee. Though it is claimed that profit sharing elevates the material and moral standards of the working people, it is even more vigorously claimed that it increases the quantity and the quality of the product, that it induces greater care of implements and of materials, and that it promotes industrial peace and good-will. In essence paternalistic, it is said to have the advantage of preserving all the motives of enterprise on the part of the employer and at the same time of arousing new motives of enterprise on the part of the employee.

That the profit which is shared must itself be created by the increased care and diligence of the employee is, indeed, the economic basis of profit sharing. For increased direct productivity, however, there may be substituted immunity from strikes and other labor disturbances, and the benefits of greater permanence in the working force, due to the lessening of discontent and to the growth of a personal interest in the prosperity of the business. As the system is an industrial but not a commercial partnership, the employee can not reasonably be expected to share in losses, which depend largely and often chiefly upon skill in commercial management. Moreover, the lack of the expected bonus in bad years may be considered to be in itself the employees' share of losses.

1. *Methods of Profit Sharing:* Plans of profit sharing are, in detail, almost as numerous as establishments adopting the system. Three principal methods, however, are employed, (a) cash payments, at the end of a fixed period, (b) deferred participation by means of a savings bank deposit, provident fund or annuity, and (c) payment in shares of stock of the company. In England and the United States a cash bonus is paid in the great majority of cases, though not infrequently part of the bonus is reserved for deferred participation or profit sharing by means of stock ownership. In France, on the other hand, deferred participation is the rule, though it is often combined with small cash payments or with payments in stock. Throughout Europe, in fact, one of the most im-

portant motives for the adoption of profit sharing has been the desire to provide for old age and disability. Recently, the payment of the employee's dividend wholly or partially in stock has become a favorite method with successful profit sharing firms in the United States.

(a) *Cash Bonus:* The simple cash bonus, such as that of the Bourne Mills of Fall River, Massachusetts, is the most obvious and direct method of profit sharing, and is aimed to produce greater diligence and care in the employees rather than to provide for their future. Out of eighty-five cases of profit sharing in England in 1903, sixty paid the bonus wholly in cash, and fifteen paid it partly in cash and partly in a provident fund. In France, on the other hand, out of one hundred and seven cases of profit sharing in 1892, in only twenty-nine was the bonus paid wholly in cash, while in thirty-four it was paid into a provident fund, and in the other cases the method of payment was mixed.

(b) *Deferred Participation:* In cases of deferred participation the bonus may be deposited in a provident fund for the general benefit of the whole body of employees, or it may be credited directly to the individual participant, but paid to him only when he has attained a specified age, has worked in the establishment for a certain number of years, or for some reason is in serious need of the money. Provision is usually made for the payment of sums due employees to their heirs. In some cases of deferred payment the workman forfeits his right to a bonus if he leaves the employment of the firm, though in many in-

stances special provision is made for him to receive all sums due upon giving reasonable notice of withdrawal.

Under the plan in force upon the Von Thünen estates in Mecklenburg-Schwerin the bonus is credited to a savings account, but interest at 4 per cent. is paid in cash each Christmas. When an employee is sixty years old he can draw his capital and in case he dies before that time his widow or his children inherit the amount which is placed to his credit.

The Compagnie d'Assurances Générales of Paris, a life, fire and marine insurance company, having about two hundred and fifty employees, is another illustration of deferred participation. In this case 5 per cent. of the annual profits go into the bonus fund, but the amount due each employee is capitalized annually at 4 per cent. compound interest, and no cash is distributed. When an employee has worked for the company twenty-five years or is sixty-five years of age, he has his choice of taking an annuity or investing his accumulated profits in French government or railway securities. The company, however, retains control of the share certificates until his death, when his heirs receive the principal. Thus, though no cash whatever is distributed, a system of compulsory saving is inaugurated which is said to secure permanent and steady employees.

Deferred participation has been quite successful in certain cases and under certain conditions, but has obvious limitations. It is most applicable where the employees are of a high degree of intelligence, for ordinary

working people are seldom able to appreciate the full advantages of a benefit which is postponed into the distant future. The plan, however, has met with success in France which it could not have hoped to achieve in the United States, for throughout Europe the idea of thrift in the provision for misfortune and old age appeals with far greater force than in this country to the average working man. Moreover, the greater stability of conditions there has produced a greater degree of confidence in future benefits. For various reasons, chief among which are changes in industrial conditions, the typical employee in the United States seldom remains for any great length of time in one establishment. In view of the uncertainties of his own life and of the business life of the company, the offer of a share in the profits of an undertaking, to be received only when he has attained the age of sixty years, would not be calculated to arouse the energy and enthusiasm of the American workman.

(c) *Stock Ownership by Employees:* Stock ownership by employees may or may not be true profit sharing, according to the means by which the stock is acquired. Cases in which workmen simply buy shares in the business in which they are employed can not be called examples of profit sharing, for, though the laborer receives a portion of the profit, there is no "agreement," and it is not as employee but as shareholder that he obtains his dividend. The plan adopted by the Illinois Central Railroad and by the United States Steel Corporation, under which a company agrees in advance to offer its stock at special rates

to employees, is a nearer approach to profit sharing, but still the share received is purely a dividend. It may, however, have something the same effect as a profit sharing bonus in inducing greater care and diligence in the working force.

On the other hand, there are cases, such as the Oldham spinning mills in England, the small boot and shoe factories which flourished in Massachusetts in the early '80s and the coöperative cooper shops of Minneapolis, in which workingmen, either from the start or after gradual acquisition, have held all or nearly all the stock of a business. These, however, are usually mere joint stock companies, and should be classed as examples of coöperative production rather than as profit sharing establishments, though the term coöperative is itself more properly restricted to those companies which are democratically managed by the employees themselves, whether in their capacity as shareholders or in their capacity as coöperative workers, on the principle of one man, one vote.

In some instances, however, shares of stock are assigned to employees in lieu of a cash or deferred bonus, and such cases are examples of true profit sharing by means of stock ownership. The participation of the employee, then, consists, not in the dividends earned by the stock, but in the original receipt of the shares. The payment, however, is usually made partly in cash, though often it is provided that no cash bonus shall be paid until stock up to a certain amount has been acquired. Thus the firm of Billon et Isaac of Geneva, Switzerland, manufacturers

of the cases and parts of the mechanism of music boxes, introduced in 1871 a system of profit sharing under which the bonus was paid one-half in cash and the other half in shares of the company.

The Proctor and Gamble Company of Ivorydale, Ohio, now requires that an employee, to receive a profit sharing dividend, shall own common stock of the company to an amount equal in market value to a year's wages or salary. If an employee, however, does not hold this amount of stock, the company offers to buy it for him or for her, requiring a small first payment and annual payments thereafter, 3 per cent. interest being charged on the balance due. Dividends are credited to the employee until the stock purchased in his name has been paid for.

In the experiment of the Messrs. Briggs at the Whitwood Collieries in Yorkshire, if the employee did not take a share in the stock of the company his bonus was only two-thirds of that received by a workman who was also a shareholder.

In 1894 the South Metropolitan Gas Company of London offered to increase its annual bonus 50 per cent. on the condition that one-half of it should be invested in ordinary stock. Within twelve months 85 per cent. of the men had accepted the offer, and after a short time all had entered as participants in this addition. The investments in stock, which amounted to £5,000 in 1894, had risen to £80,000 in 1899, and there was also in the latter year £30,000 on deposit. Fifty-five per cent. of the men who owned stock, owned simply the compulsory amount,

but forty-five per cent. had also made voluntary savings.

(d) *Amount of Bonus:* In determining the amount of the bonus to be distributed, it is customary to deduct from the gross receipts, along with other working expenses, interest on the capital invested, though in some cases the net revenue is distributed between the employees and shareholders without any deduction for interest. Sometimes a fixed minimum amount, called "the reserved limit," is set aside for the payment of interest, depreciation and the salaries of management, and in such cases the employees participate only in profits which exceed this reserved limit. Usually the share of the employees is a specified fraction of the net profits, but "in some instances the employer offers to give up to his employees so much of his surplus profits as shall suffice to pay them a bonus at the same rate per cent. on their wages as the dividend earned by the capital, or a bonus at a fixed rate, uniform from year to year."[1] The Proctor and Gamble Company, for instance, pays its profit sharing dividend at the same time as its dividend on common stock, and any employee who receives wages of $500 a year is entitled to a dividend equal in amount to that which he would receive if he were the owner of $500 worth, par value, of the stock of the company.

In a few cases the interest on capital, the wages and the salaries of management are counted as expenses of operation, and profits are distributed in an equal percentage to the three factors, capital, skill and labor. The first

[1] Schloss, *Methods of Industrial Remuneration*, p. 268.

reward of each is determined by the current rates of interest, salaries and wages; and the second and variable reward is to be divided in the same proportions as the first fixed reward. This is the method originally followed by the N. O. Nelson Company of St. Louis.

The plan of the South Metropolitan Gas Company of London is quite different. For every penny gained in the reduction of the price of gas below 2s. 8d. per thousand feet, a bonus of one per cent. and, in case one-half the amount is invested in stock, one and one-half per cent., on wages and salaries is paid.

(e) *Distribution of the Bonus:* The distribution of the bonus is effected by a considerable variety of methods. In a large number of cases, however, the amount of wages earned during the year is taken as the basis of division, each employee receiving the same proportion of the distributable sum that his wages bear to the total amount paid in wages. Sometimes the employees are divided into classes, based on positions held, on different degrees of appreciation of the benefits of profit sharing, on the amount of wages received, or on length of service, and each class shares at a different rate or in a different fund. The Paris and Orleans Railway Company, for instance, originally divided its employees into three classes according to rank, the two higher classes receiving definite proportions of the distributable amount according to salaries, and the third class receiving the remainder. Under the original plan of the Proctor and Gamble Company the employees were divided into four classes, based on the

interest shown in the work, but when the desired result was accomplished this plan was abandoned.

(f) *Qualifications for Participation:* Participation in profits is sometimes limited to a certain class. In the Coöperative Paper Works at Angoulême, France, for instance, profit sharing began with the overseers and was gradually extended, first to the older workmen, and later to the entire body of employees. The South Metropolitan Gas Company of London, also, introduced profit sharing among its officers and foremen in 1886, but in 1889 extended the system to the workmen.

Between 1882 and 1890 there were five years in which the Pillsbury Flour Mills of Minneapolis, Minnesota, divided considerable sums among those employees who had been in the service of the company for five years, or who occupied positions of special importance, but the proportion of profits to be distributed was never specified beforehand, and "for the last few years the profits of the milling business have not been such as to warrant any division."

Salaried employees may or may not share in the profits. Sometimes only those employees who signify an express desire to be included are made participants. In the Ara Cushman Company of Auburn, Maine, for instance, the bonus was paid only to those who entered into the profit sharing plan by application. The printing, publishing and bookselling house of M. Chaix of Paris, which employs some twelve hundred persons, provides that application must be made to the head of the house and that

three years are necessary to qualify the employee for participation.

Sometimes, as in the Maison Leclaire, all employees, regardless of length of service, share in the benefits of the system, but frequently certain conditions must be fulfilled before the workman becomes a participant. Among the conditions imposed are, for instance, (a) a certain minimum length of service, and (b) non-membership in a labor organization. The Columbus Railway Company, for example, requires six months' continuous service before participation in the bonus, and provides that "should an employee leave or be dismissed from the service of the company during the quarter in which dividend is computed, he forfeits all claim, and his account is ruled off of the books of the company."

2. *Profit Sharing and Trade Unionism:* The requirement that participants in profit sharing schemes shall not belong to labor unions brings up the important question of the relation of profit sharing to trade unionism. In several cases the presentation of a bonus has been used as a method of breaking the power of a labor organization, and it is frequently asserted that the natural attitude of trade unionism is hostile to profit sharing.

At the Whitwood Collieries in Yorkshire, to use a famous example, it was a long series of strikes which caused the inauguration of profit sharing, and the system was tried for the express purpose of undermining the influence of the trade union. The experiment, however, ended after ten years in another strike, and probably the

most fundamental cause of its failure was the attitude of the employers towards the labor organizations. In the United States the firm of Ara Cushman and Company of Auburn, Maine, met with a similar experience in a profit sharing scheme inaugurated with the understanding and agreement "that neither the company who manage the business nor the employees who participate in profit sharing shall belong to any organization or association, which will in any way control or influence their relations to any of the affairs of the business."[1]

The South Metropolitan Gas Company of London, however, has had undeniable success with a system of profit sharing which was originally adopted after a bitter and protracted strike, as a means of insuring against labor disputes and trade unionism. Non-membership in a union is made a condition of participation. Moreover, the men are required to sign an agreement to serve twelve months, and in order to prevent their leaving together, the original agreements were variously dated. The workmen support the system because the company pays the full rate of trade union wages, and there is nothing to gain by refusing to accept the bonus.

Nevertheless, there is good reason for the usual trade union attitude of hostility towards profit sharing, especially towards the method of deferred participation. "That a system, under which a part of the employee's remuneration remains in the hands of his employers,

[1] *Second Annual Report, Bureau of Industrial and Labor Statistics*, Maine, p. 167.

liable to forfeiture if he quit their service, must render any attempt to improve existing conditions of employment by combination difficult if not impossible will readily be conceded; and with respect to all forms of profit-sharing, the tendency of which is to detach the employee from his allegiance to, or to prevent him from joining the trade union organization, it may well be considered open to question, whether, in the long run, the advantage which employees derive from the receipt of a share in profits, may not, to a greater or less extent, be counterbalanced by their being deprived of those benefits which it is claimed that trade union combination is capable of securing. Nor should it be forgotten that, even in cases, in which the profit sharing scheme has not been introduced with a view to weakening the influence of the trade union, and does not contain any of those special provisions which have in some cases been inserted with this object, the inevitable tendency of all exceptional methods is to get the men working under them out of line with their fellows."[1]

Among American workmen there is a healthy opposition to any agency which weakens organized resistance to oppression or puts the laborer in the power of the employer, and profit sharing is usually looked upon with a great deal of suspicion. The trade union attitude was well expressed by President Gompers in his testimony before the Industrial Commission: "There have been few, if any, of these concerns which have been even com-

[1] Schloss, *Methods of Industrial Remuneration*, pp. 292-293.

paratively fair to their employees. The average employer who has indulged in this single-handed scheme to solve the social problem has gotten out of the workers all that there was in them and all their vitality, and made them old prematurely, to the tune of five or ten years of their lives. They made the worker work harder, longer hours, and when the employees of other concerns in the same line of trade were enjoying increased wages, shorter hours of labor, and other improvements, tending to the material progress of the worker, the employees of the concern where so-called profit sharing was the system at the end of the year found themselves receiving lower wages for harder work than were those who were not under that beneficent system.''[1]

3. *Industrial Partnership:* In the most successful profit sharing experiments there is a strong tendency to progress towards true coöperation, or industrial partnership. This growth may take place in one or more of three different ways, (a) by associating workmen in the ownership of stock, (b) by associating workmen in the administration of discipline, and (c) by permitting workmen to elect the business manager. Several instances have already been given in which stock ownership has been made the basis or accompaniment of participation, but in the cases which are now to be described the principle of coöperation, which recognizes the employees as the vital element of a business association, pervades the system of profit sharing.

[1] *Industrial Commission*, Vol. VII, p. 644.

The four principal examples of industrial partnership are the Maison Leclaire, of Paris; the Godin Familistère of Guise, France; the Bon Marché, of Paris, and Wm. Thomson and Sons, of Huddersfield, England. Three of these, it will be observed, are French establishments, and one is English. Moreover, another French firm, the Coöperative Paper Works at Angoulême, might consistently be added to the list.

(a) *The Maison Leclaire:* The Maison Leclaire, a highly prosperous house painting firm, began profit sharing in 1842, and is the oldest existing industrial partnership. Originally simple cash dividends, apportioned on the basis of wages, were given, but in 1863 a mutual aid society was admitted as a perpetual sleeping partner, and in 1869 the entire business was incorporated with formal provisions for the distribution of the profits among the managing partners, the mutual aid society, and the workmen forming the regular staff. Of the total capital, half belongs to the managing partners and the other half to the aid society. Five per cent. interest is paid on this capital and the managing partners and the aid society also receive respectively one-quarter of the remaining net profits. The other half of the profits is divided among all the employees in proportion to wages. Every member of the mutual aid society who is fifty years old and has worked for the house twenty years is entitled to a retiring pension.

One of the most interesting features of this experiment is its democratic management through the *noyau*, or corps

of the establishment, which consists of a certain number of employees of high moral character and ability. This *noyau* elects annually the foremen of departments, choosing them from a list proposed by the managing partners. It also elects a committee consisting of five workmen and three clerks, with the managing partners as *ex-officio* chairmen, and this committee is for most purposes the governing body of the house. It examines candidates for admission to the *noyau,* and, in the event of the death or retirement of one of the partners, nominates his successor, who is elected for life by the *noyau.* In order that the best qualified man, irrespective of pecuniary circumstances, may be chosen, it is provided that the capital of the outgoing partner shall be withdrawn only by consent or when it has been replaced from the sum accruing to his successor through the latter's share in the profits. In 1890 two partners were elected in the place of one who had died, and at the same time the capital of the house was doubled. There are thus at the present time three managing partners.

(b) *The Godin Familistère:* Another plan of democratic management of an industrial partnership is that of the Familistère at Guise, where participation was first introduced in 1877. The scheme, as originally outlined and as finally carried out by M. Godin, involved the gradual transformation of the business, including houses and schools as well as manufacturing plant, to a coöperative basis. The plan is complicated and provides for a regular hierarchy in the government of the institution.

Of the net profits after the payment of wages and interest, twenty-five per cent. go to the officials who manage the affairs of the society, and the remainder is divided between labor and capital. "The usual interest on the capital of the establishment, and the whole amount paid out during the year in wages and salaries, are added together. The proportion each sum bears to the total amount determines the shares of capital and labor."[1] As wages, however, amount to about eight times the interest on capital, the share of the wage earners is eight times that of the interest receivers. Moreover, as the bonus is paid in shares in the business, the capital is itself owned by present or former employees, and provision is made for the retention of ownership within the association.

"The receipts of a member from the operations of the society consist of: (1) His wages; (2) the amount of profits apportioned to his wages; (3) the amount of profits apportioned to the certificates of stock owned by him; (4) 5 per cent. interest on such certificates; (5) participation in the social institutions maintained by the society, chiefly insurance and old-age pensions and schooling; (6) profits realized by the coöperative store, if patronized by him."[2] Since 1894 the receipts of the members have been further augmented by the payment to them in cash of the sums formerly appropriated to purchase the shares owned by the founder.

(c) *The Bon Marché:* The Bon Marché, one of the

[1] Gilman, *Profit Sharing*, p. 175.
[2] *Bulletin of the (United States) Department of Labor*, No. 6, p. 587.

largest retail distributive establishments in the world, began profit sharing in 1876 with the formation of a provident society, to be supported by sums annually paid out of net profits. The amount to be so paid, however, was reserved for the decision of the proprietor, M. Boucicaut, and is even now determined by custom and not by agreement.

In the provident society a separate account is opened in the name of every employee who has worked continuously for five years in the house, and this account is credited with a share of the profits set aside for distribution, the share being proportionate to the amount received in wages during the year. These accounts are also credited with interest at four per cent., and thus an annuity, accumulating at compound interest, is created. A male employee can claim cash payment of the entire amount to his credit when he is sixty years of age or has completed twenty years of uninterrupted work for the house, and a female employee at fifty years of age or after fifteen years of service. If a member dies, full payment is immediately made to his surviving relatives. There is also a retiring fund, which draws annually five per cent. of the profits of the Civil Society, an organization of the proprietors of the establishment, but a pension is available only when the employee has retired from active service.

In 1877 the founder died, and the business was thereafter conducted by his widow, who in 1880 carried his ideas a step farther by formally admitting into partnership with herself ninety-six heads of departments, who

put into the business sums ranging from $10,000 to $20,000 each. In some instances these sums, though standing in a single name, were contributed by a group of employees, so that the benefits were actually extended to an even larger number of persons than appeared in the formal partnership. It was arranged, too, that Madame Boucicaut could cede her capital in shares of $10,000 to the employees of the house as fast as they desired to obtain them, that she could name one or three managers to take her place, and that at her death the establishment was to become a joint stock company. She died in 1887 and the institution passed without a jar into the hands of the joint stock company, all of the beneficent institutions remaining unchanged.

(d) *Wm. Thomson and Sons:* In England the only business house which employs methods comparable to those of the great French establishments described is the firm of Wm. Thomson and Sons, woolen and worsted manufacturers of Huddersfield. In 1886 this business was turned over to a society, over which Mr. Thomson remains in control as manager, subject to removal "by the vote of five-sixths of all the members of the association, and five-sixths of all the votes capable of being given at a special general meeting." He may appoint his successor. A committee composed of Mr. Thomson, three employees of the society, two representatives of coöperative societies, and two representatives of trade unions, though its functions are mainly consultative, modifies the power of the manager, and tends to produce a true coöperative spirit.

The capital is divided into loan capital, owned by Mr. Thomson, and share capital, a large part of which is held by the employees of the house, and by the coöperative societies and trade unions concerned in the business. A fixed interest of 5 per cent. is allowed on the share capital, and if in any year not paid in full, the deficit is a first charge on subsequent profits. Assurance and pension funds for the benefit of the employees are also provided for, after which the remainder of the profits "go one-half to the customers of the society and the other half to all persons employed by the society for not less than six months, as a bonus in proportion to wages earned, this bonus being applied in or towards purchase of shares in the society."

4. *History and Present Status of Profit Sharing:* Though the principle of profit sharing was recognized by Turgot in 1775, the first experiments in the system were made in the second quarter of the nineteenth century. The earliest known was that of Lord Wallscourt, begun on his Irish estate about 1829 and said to have been in successful operation as late as 1845.

(a) *In France:* Complete success, however, was first attained in France by M. Leclaire, who began his system of participation in 1842. To him "undoubtedly belongs the honor of having done more than any other one man to work out the details and demonstrate the practical merits of industrial partnership."

The next year, 1843, saw the inauguration of profit sharing in the paper factory of Laroche-Joubert, Lacroix

et Cie., now the Coöperative Paper Works at Angoulême, where it has developed by gradual stages, as in the Maison Leclaire, into true industrial partnership. In 1902 more than one-third of the capital was held by employees. This is interesting as an example of the successful application of the system to an industry in which a large capital is required and the cost of labor is comparatively small, while the Maison Leclaire is an example of its successful application to an industry in which the capital is small and the cost of labor large.

In 1844 the Paris and Orleans Railway Company began sharing profits with its employees, and for the next quarter of a century this was one of the most striking examples of the system. Several plans of participation were tried, but no more than one-half of the bonus was ever paid in cash. Finally an arrangement was adopted under which the share of each employee, up to ten per cent. of his year's wages, was to be paid in favor of his account in the State Pension Office; and by 1876, this plan led to the final disappearance of the cash dividend. Since that time profit sharing has amounted to nothing more than a pension. It has not, however, been formally abandoned, and might at any time be renewed.

In France sixteen of the firms which now practice participation adopted the system before 1865, the date of the practical beginning of the movement in England. There has been, in general, a gradual increase in the number of establishments, and by 1893, one hundred and seven French firms had adopted some form of profit shar-

ing. In 1902, however, there were only ninety-three establishments which were positively known to practice the system, though thirty-one establishments failed to reply to inquiries. Moreover, ninety-nine producers' coöperative societies in France in 1900 practiced profit sharing. The movement in France is very greatly assisted by the *Société pour l'Etude Pratique de la Participation du Personnel dans les Bénéfices*, founded in 1879, which has issued regular quarterly bulletins and other publications, and has conducted national and international congresses. The membership is composed exclusively of employers or workers in profit sharing establishments, and numbers about one hundred and forty.

(b) *In England:* Historically one of the most famous experiments in profit sharing was that of the Messrs. Briggs at the Whitwood Collieries in Yorkshire, which extended from 1865 to 1875, and has been already mentioned. This was extensively advertised and obtained almost a world-wide reputation. As long as it continued it "furnished the standard example of just relations of master and man, to which every writer on labor felt bound to devote attention." Its failure gave profit sharing a backset in England from which it took many years to recover.

The adoption, however, in 1889, of a system of general participation, by the South Metropolitan Gas Company of London was a distinct event in the history of the system, for this company employs about ten thousand men

and is probably the most extensive gas producer in the world. The plan has been highly successful, and in 1898 two workmen were chosen as directors of the company, while at present the employees have three representatives upon the board of directors.

Although the failure of the Briggs experiment retarded the movement considerably, England has had, nevertheless, a greater number of experiments in profit sharing than any other country. The table on the next page shows, from 1829 to 1903, the number of British firms adopting profit sharing, classified according to present existence and discontinuance, and the number of firms actually practicing the system at the end of each year.

According to this table profit sharing has been started in one hundred and ninety-eight establishments, one hundred and twenty-eight of them since 1888. While of these one hundred and ninety-eight cases only eighty-five are known to have abandoned the plan, it is interesting to note the rapid and significant decline of the movement since 1896, especially as compared with the previous decade.

Within the coöperative movement in Great Britain and Ireland the principles of profit sharing have made some progress, though not as much as might have been expected. In 1902, out of 1,116 coöperative productive societies of all classes reporting, 173 shared profits with employees, the average percentage on wages being 4.8. This included the production of the retail and wholesale distributive societies.

British Firms Adopting Profit Sharing During Year				Number of Profit Sharing Firms at End of Year[1]
Year	Discontinued before 1903	Existing 1903	Total	
1829	1	0	1	1
1865	4	2	6	6
1866	5	1	6	12
1867	8	0	8	14
1868	1	0	1	13
1869	0	1	1	12
1870	1	0	1	12
1871	2	0	2	14
1872	4	0	4	13
1873	1	1	2	15
1874	1	0	1	12
1875	0	0	0	11
1876	1	2	3	14
1877	0	0	0	12
1878	0	2	2	14
1879	0	0	0	13
1880	1	1	2	15
1881	1	2	3	18
1882	1	1	2	20
1883	2	1	3	23
1884	1	2	3	25
1885	2	1	3	28
1886	3	3	6	34
1887	4	3	7	39
1888	2	6	8	46
1889	10	10	20	65
1890	19	14	33	96
1891	13	4	17	103
1892	9	8	17	114
1893	5	0	5	112
1894	2	3	5	108
1895	7	2	9	111
1896	2	3	5	112
1897	1	2	3	106
1898	1	2	3	102
1899	1	1	2	95
1900	2	2	4	91
1901	0	3	3	91
1902	0	1	1	88
1903 (six months)	0	1	1	85
Total	113	85	198	....

[1] In this table experiments have been considered as still existing unless their abandonment has been definitely reported. In 1903 reports were received from only sixty-nine establishments which were practicing profit sharing. Statistics compiled from the *Report of the (British) Board of Trade on Profit Sharing, 1894;* and from the *Labor Gazette.*

(c) *In Other European Countries:* In the other countries of Europe there are comparatively few cases of participation, though about 1899 Switzerland presented "fourteen instances; Germany, forty-seven; Austria-Hungary, five; Belgium, six; Holland, seven; Italy, eight; and there [were] scattering examples in Spain and Portugal, Scandinavia and Russia—nine in all."[1]

In 1878 Dr. Boehmert counted one hundred and twenty known cases of profit sharing in all countries, and in 1891 there were estimated to be about three hundred. As has been seen, however, the movement in England, at least, has fallen off somewhat since that date. Nevertheless, it was estimated in 1900 by Mr. Leopold Katscher that there had been in the entire world some five hundred experiments in profit sharing, about four hundred of which were still in existence. From the fact, however, that he assigns fifty existing cases to the United States, it seems probable that the total number of experiments is somewhat exaggerated. Three hundred would be a more conservative estimate, if coöperative societies practicing profit sharing are excluded.

5. *Profit Sharing in the United States:* In the United States profit sharing was slower in development, and the movement has never assumed anything like the proportions attained in France and England. One of the pioneer experiments was that of Brewster and Company, carriage builders of New York, which began in 1870 and was ended in June, 1872, by the workmen joining in the

[1] Gilman, *Dividend to Labor*, p. 338.

eight hour strike. Another more successful trial of the system was begun in 1869, by the A. S. Cameron Company of Jersey City, and lasted until Mr. Cameron's death in 1877. Other isolated experiments followed, and in 1892 the Association for the Promotion of Profit Sharing was formed, but recently the enthusiasm seems to have waned.

No complete list of past and present cases of profit sharing in the United States has yet been made, though Mr. Paul Monroe counted in 1896 fifty such experiments, thirty-three of which had been permanently and five indefinitely abandoned, leaving only twelve profit sharing plans in operation at that date.[1] The large number of failures, however, seems to be due to the brevity of the trials as compared with European experiments, the majority of firms reporting the abandonment of the system having tried it for only two or three years.[2]

At the present time, profit sharing schemes of one form or another are known to be in force in fourteen establishments, some of which have practiced it for a considerable number of years. These are the Peace Dale Manufacturing Company, the Columbus Railway and Light Company, the Roycroft Press, the Solvay Process Company, the Acme Sucker Rod Company, the Proctor and Gamble Company, the Bourne Mills, the Ballard and Ballard Company, the Cabot Manufacturing Company, the Baker Manufacturing Company, the N. O. Nelson Company, the

[1] *American Journal of Sociology*, Vol. I, p. 709.

[2] For recent cases of the abandonment of the system, reported by Mr. Monroe or Mr. Gilman as practicing it in 1896 or 1899, see Appendix B.

American Smelting and Refining Company, the Filene Department Store, and the Carolina Savings Bank. In the last two of these cases, however, the Filene Department Store of Boston and the Carolina Savings Bank of Charleston, South Carolina, profits are shared with salaried employees and not with wage earners, while the American Smelting and Refining Company of New York City, Denver and Pueblo, Colorado, includes no employees below the grade of foremen.[1] There are thus only eleven cases of true workingmen's profit sharing known to be in existence, in 1904, in the United States.

(1). *The Peace Dale Manufacturing Company:* The only early experiment which has survived is that of the Peace Dale Manufacturing Company, which began a system of profit sharing in 1878 at Peace Dale, Rhode Island. The dividend paid is not, however, a definite proportion of the profits, but is determined solely by the judgment of the directors of the company and is paid only when the profits seem to warrant. Though no dividend was declared the first year, 5 per cent. on wages was paid for two years and 3 per cent. for another two years. Then the decline of the business, due in large measure to general industrial conditions, caused the suspension of the bonus. A dividend of 2 per cent., however, was paid in 1900 and one of 3 per cent. in 1902. There are, in 1904, about 700 employees. The company states: "We can not say that the scheme has had any noticeable effect

[1] For descriptions of the plans followed by these three companies see Appendix B.

as yet upon the help, their efficiency or interest. The woolen business has been so uncertain that it has not enabled us to make the steady payment to the help that would alone give them a real interest in the work."

(2). *The Columbus Railway and Light Company:* The Columbus Railway and Light Company distributes an employee's dividend, which is paid quarterly at the same time dividends are paid to stockholders, and in the same ratio. That is, if an employee earns $150 during the quarter, he receives 5 per cent. of that amount, or $7.50, which is the rate the company is paying on both stock and wages at the present time.

(3). *The Roycroft Press:* The Roycroft Press, incorporated in 1902, sells stock only to its employees, superintendents and officers, in shares of $25 each, and guarantees a dividend of 12 per cent. annually. "Sometimes during good years, funds have been distributed to employees whether they have anything invested or not." In 1903 about one-half of the stock of the company was held by employees, the other half being held by superintendents and officers. An employee may subscribe for as many shares as he desires, but if he leaves the service of the company he must sell his stock to Mr. Hubbard at the price paid. This is a somewhat indirect method of profit sharing, and the experiment might be more accurately defined as a case of producers' coöperation, of the joint-stock variety.

(4). *The Solvay Process Company:* The Solvay Process Company, near Syracuse, New York, has a successful

plan of profit sharing which has been in operation since 1887. Though "at first only the chief employees and general officers of the company were admitted to participation," foremen and assistant foremen have been allowed, since 1890, to share in a smaller proportion of the profits. Moreover, "since the latter year the plan has been somewhat extended annually among older employees of the classes named." The share of each participant depends upon the amount of salary he receives and the rate of dividends to stockholders. "The company reports that it has reason to believe the system is an excellent one and attains the desired end, for it has incited greater interest in the affairs of the establishment, including suggestions for improvements, little economies, and the exercise of more care in consuming supplies and materials."

(5). *The Acme Sucker Rod Company:* The Acme Sucker Rod Company of Toledo, Ohio, for five or six years previous to 1901, distributed annually a cash dividend equal to 5 per cent. of the year's wages of each workman. In 1901, however, a new plan was adopted, under which 5 per cent. of the total sum of wages paid is divided by the number of employees, and each man is given a certificate of credit for the amount, as a partial payment on a $100 share of stock in the company. It is provided, however, that if an employee does not desire the stock, he may "exchange the certificate for cash on application at the office." Those who retain the certificates of credit "will have the earnings of the stock placed to their credit,

as well as any other payments that they desire to make upon the stock." These certificates are not negotiable, but when the share is fully paid for at its par value it "becomes the property of the person to whom it is issued, to do with as he likes." The Acme Sucker Rod Company and the Solvay Process Company both contribute to the support of insurance funds for the benefit of their employees, but such contribution is in proportion to the amount contributed by the employees themselves and bears no relation to the volume of profits. It should be remarked, also, that the dividend paid by the Acme Sucker Rod Company is itself not directly based upon profits. Such payments, however, constituting a definite fraction of the annual wages paid, are frequently, if not usually, classed as profit sharing.

(6). *The Proctor and Gamble Company:* The Proctor and Gamble Company, soap and candle makers of Ivorydale, Ohio, introduced profit sharing in 1887 as a direct attempt to secure greater permanence in the working force and to avoid labor difficulties. The original plan provided that a reasonable salary should be allowed to each active member of the firm, as a portion of the expense of manufacturing, and that the remainder of the net profits should be divided "between the firm and the employees in the proportion that the labor cost of production bore to the total cost of production." This plan remained practically unchanged until July 1, 1903, when the previously mentioned modification requiring stock ownership for participation was introduced. The ma-

jority of the employees, however, have taken advantage of the new offer, and will in future receive the regular dividend paid to owners of common stock as well as the profit sharing dividend, both of which have been of late years 12 per cent. The Proctor and Gamble Company employs some six hundred persons at Ivorydale, nearly all of them of a comparatively unskilled class. The gains are principally a saving of time, a lessening of waste material, the better quality of work, permanence of the working force, decreased need of oversight, and industrial peace. It is claimed that there has been 21 per cent. cheaper labor cost in manufacturing under profit sharing than under the simple wage system.

(7). *The Bourne Mills:* In the Bourne Cotton Mills, of Fall River, Massachusetts, profit sharing has been in successful operation for nearly fifteen years, under conditions which are usually considered very unfavorable. The wages in this industry are comparatively low, the first cost of the plant is large, machinery plays an important part in production, and the average grade of intelligence among the working people is low, many of them being ignorant French Canadians. Under the plan adopted in 1889, and considered and re-adopted by the Board of Directors every six months since that date, the sum distributed is between 6 and 10 per cent. of the amount paid to the stockholders, and is divided among the employees upon the basis of wages earned. The dividend on wages has ranged from 2 per cent. to 7 per cent., and a special dividend of 40 per cent. of the original

amount is now paid to all persons who have been in the service of the company continuously for over fifteen years. The last dividend was 2½ per cent., paid on December 12, 1903. There are four hundred or more employees, and all who have worked faithfully for six months are entitled to share in profits. All those, however, whose names are entered on the profit sharing rolls are required to sign a contract pledging them to faithful service and to promote the interests of the company both in and out of the mill. One reason for the success of the plan is that great pains have been taken to impress upon every employee the duty of contributing his share towards the best possible operation of the mills. It is made clear to all that the company does not intend to make a free gift of money for nothing, but expects each employee to assist in the formation of profit.

(8). *The Ballard and Ballard Company:* The Ballard and Ballard Company of Louisville, Kentucky, began profit sharing in 1886 by agreeing to give its miller, in addition to a stipulated salary, 5 per cent. of the net profits of the business. The system was extended, some years later, by dividing 10 per cent. of the net profits among the salaried employees, and shortly afterwards all the laboring men who had been with the company for two years were included. At present the company, after the payment of interest at 8 per cent. on the capital invested, takes out seven of its employees, to each of whom is given 5 per cent. of the profits, after which 10 per cent. of the profits are divided among the remaining salaried em-

ployees and the laborers who have been in the employ of the company for two years or more, making 45 per cent. which is distributed. The method used in determining the amount of the bonus is to divide the total net earnings by 145 per cent.

(9). *The Cabot Manufacturing Company:* The experiment of Mr. Samuel Cabot, manufacturing chemist of Boston, was begun in 1887, and has continued in successful operation for seventeen years. In this establishment every employee who wishes to become a participant is required to sign a promise to give a sixty days' notice before leaving, and also "to do his work as quickly and carefully as possible, remembering that the greater the yield the larger the profits." In consideration of this promise, a certain fixed proportion, known only to the employer, of the net profits, is divided among the profit sharers, according to their wages. One-half of the bonus is paid in cash, and one-half is placed in a savings bank by the employer as trustee. If the employee dies his heirs are at once entitled to the accumulated fund in the savings bank with interest, and if he leaves the works, after giving the required sixty days' notice, the fund remains at interest for two years, and is then paid to the operative, provided that in the meantime he has not sold any secrets or formulas learned in the course of his employment in the Cabot works. In any case this fund never returns to the employer, but, if forfeited by reason of discharge or of leaving without the required sixty days' notice, is "distributed among the other participants at the next

division." The employer has the right to lend a workman money on his fund for the purpose of building a home. The profits distributed among the thirty-five to forty sharers have averaged a little over 14 per cent. of the total wages earned, and the dividend for 1903 was 21.3 per cent. on wages. During the seventeen years the total amount distributed has been $40,464. Mr. Cabot stated in May, 1904, before the American Social Science Association: "If we can draw any inference it is that, as my profit compared to the wages paid has increased, the efficiency of my workmen has improved. But above all, my observation has convinced me that the spirit of my employees is superior to that of the average and that they are more contented and willing by far than in similar establishments. In fact, I am satisfied that this bargain has been a good one for both parties to it, and that the extra money laid out has been well and profitably invested."

(10). *The Baker Manufacturing Company:* The Baker Manufacturing Company of Evansville, Wisconsin, which manufactures pumps and windmills, is one of the most important examples of profit sharing in the United States. The plan, adopted in 1899, provides that the profits of the business "shall be divided between the preferred stock and labor in proportion to the earning capacity of each." The earnings of preferred stock are arbitrarily defined to consist of an annual dividend of 5 per cent., while the earnings of ordinary labor are considered to be the product of the total number of hours employed

during the year by the price of such labor per hour, and the earnings of salaried labor are the total amount received in the year. After provision is made for a sinking fund and for a dividend not to exceed 5 per cent on common stock, and on amounts credited toward the purchase of common stock, the remainder of the net profit is "divided between all the persons regularly employed in the manufacturing business and the preferred stock in proportion to the recognized earnings of each. Fifteen per cent. of this division shall be paid in cash and eighty-five per cent. in the common stock of the company." No person is entitled to share in this division of profits "who shall have been in the regular employ of the company for less than two consecutive years, who shall quit the service of the company or who shall be discharged." Thus every man who has been in the employ of the company for over two years owns common stock and has also received some cash as bonus. "Every share of common stock carries with it a vote in the management of the business." Under this system of profit sharing the earnings of capital and labor were increased; in 1899, 60.3 per cent.; in 1900, 82.7 per cent.; in 1901, 73.8 per cent.; in 1902, 98.45 per cent.; and in 1903, 69.17 per cent.

(11). *The N. O. Nelson Company:* One of the most noted examples of profit sharing in the United States is the N. O. Nelson Manufacturing Company of St. Louis, Missouri, and Leclaire, Illinois. This company manufactures plumbing goods, and began profit sharing in 1886 as an immediate result of the great railroad strike in the

early part of that year, during which the Nelson business, along with the rest, was paralyzed.

Under the original plan, after the deduction of interest at 6 per cent., 10 per cent. of the net profits were set aside for a reserve fund, 10 per cent. for a provident fund, and 5 per cent. for an educational fund. The remainder was divided equally between the firm and the men. At present 10 per cent. of the net profits are set aside for the reserve, but the other funds are assigned, from the gross profits, whatever is necessary for their maintenance. In 1892 the basis of division was changed so that wages should share at twice the rate of capital. The division among the employees is made on the basis of salaries and wages. An auditor is elected by the men to examine the books, and report at the distribution meetings.

During the first three years the dividends were paid in cash with the privilege of investing them in stock of the company, but when this plan had been followed long enough to convince the employees that the benefit was substantial, the bonus was made payable in stock, subject to redemption at par in case the employee leaves the service of the company. It was recognized that "an increase of an average of eight per cent. in wages would mean in most cases a rise in the scale of living, which would have to be forcibly reduced when there should be no dividends, or when the employee should be thrown out and do work elsewhere. The main value of the money would lie in laying up something for the future."[1]

[1] *Report of the Industrial Commission*, Vol. XIV, p. 859.

At present a considerable portion of the five hundred employees are shareholders and draw a dividend upon their shares as well as upon their wages. Many of the workmen also own their homes in the famous model village of Leclaire, where every effort has been made to produce comfortable and attractive surroundings without in any way diminishing the laborer's independence and self-respect.

Nearly all the employees are members of labor organizations, which they have joined upon the advice of their employer. The union scale of wages is adhered to, and the hours are nine per day, except on Saturday, when work stops at three in the afternoon.

In 1893 a severe test was successfully passed through, proving the ability of the system to weather the storm of industrial depression. In that year wages in the Nelson establishment were cut, by the consent of the workmen, to three-fourths their usual amount, with the understanding that the other fourth should be paid when the money stringency was past. Salaries and interest were reduced in the same proportion. At the end of three months, however, full wages were restored, and at the end of a year the earnings met the one-fourth deficiency in wages, and also the interest on capital. Profit sharing dividends, however, though not abandoned, have been suspended during the past few years, and the money has been applied to the improvement of the village of Leclaire and to various plans and institutions for industrial betterment.

Though profit sharing has been a success, Mr. Nelson

says: "It appears to be quite impossible for anyone to decide whether each employee does a little better or a little worse; and I would add that I should never advise any employer to adopt the profit sharing system with a view to making a larger additional profit than will be paid out in dividends. No one should adopt the system except upon the ground that it is right to recognize the workers' interest in the joint outcome of the work that is done. * * * That such a joint interest will, in the long run, affect the quality of work seems to me an unavoidable conclusion, and upon this general reason the economic value of the system must rest."[1]

6. *Profit Sharing and the Labor Problem:* Profit sharing, though a palliative applicable with good results in certain industries and under certain circumstances, holds forth no promise of an ultimate solution of the labor problem. In the first place, it frequently injures and antagonizes the concerted efforts of working men to better their own conditions of life through labor organizations. Moreover, profit sharing has no sufficient economic foundation, and is, consequently, incapable of wide application. Thirdly, the principle itself is open to serious objections. Nevertheless, it has attained notable results in numerous instances, and the causes of its success and failure are certainly worthy of the most careful examination.

(a) *Economic Basis of Profit Sharing:* However desirable participation may be as an ideal system, it must, to be

[1] *Industrial Commission,* XIV, p. 359.

economically successful, not only overcome the ordinary business contingencies, but it must also create, in one form or another, its own fund for distribution. Otherwise it is not upon a sound financial basis, but is merely a form of philanthropy. Profit sharing may, of course, be carried on upon a philanthropic basis, but, when so applied, it proves nothing whatever so far as the great problem of labor and its recompense is concerned.

The system has, indeed, attained a certain amount of success upon the solid economic basis which is its true *raison d'être*. It has shown itself applicable to a considerable variety of industries, and in both large and small establishments. Nevertheless, though it is difficult to formulate any rule or set of rules which may be said to govern the applicability of profit sharing, it is evident that the plan has not only, when applied, failed to meet with anything like universal success, but that it has also failed to appeal with sufficient force to the hard-headed man of business to attain serious importance as an industrial method. It is undeniably true that, upon the whole, profit sharing "has accomplished far less than its advocates have prophesied, and perhaps less than the majority of unprejudiced critics were disposed to anticipate."[1]

Greater success has been attained, however, in France and in England than in the United States, where many of the experiments have been hastily entered upon and as quickly abandoned, without adequate knowledge of previous accomplishments in the field. This is partly ac-

[1] Hadley, *Economics*, p. 375.

counted for by the greater docility and frugality of the European working classes as compared with the American. Of even more importance, however, is the fact that it is only when laborers are not working up to a high standard of efficiency that profit sharing can be successful. "This seems to be the reason why it works better on the Continent than in England, and better in England than in America. There is a greater chance for increase in the general output in those countries where the men have habitually been working far below their physical capacity; and profit sharing, like anything else which contributes to such an increase, is a first-rate thing for the workmen."[1]

Not only, however, is profit sharing incapable of stimulating to extra exertion laborers who are accustomed to work approximately to the limit of their physical capacity, but its success as a commercial system depends inevitably, to a greater or less extent, upon the nature of the occupation, for "if the employee is to create an extra fund of profits, which shall at least provide his bonus, the business must be such that increased industry, skill, care, or economy will *tell* upon the result. If, in a particular factory, the wage system has already been supplemented by the introduction of piece work, and prizes for economy of material and for increase of production, and if the profits of the establishment depend in a high degree upon the commercial skill of the firm in buying raw material and selling the product, profit sharing can

[1] Hadley, *Economics*, p. 377.

hardly be expected to improve the situation greatly."[1]

Profit sharing undoubtedly requires, moreover, a somewhat high degree of intelligence among the workmen. Experience has shown, also, that for the successful application of participation it is absolutely requisite that the employer should have an intelligent idea of the system, should apply it wisely, and should not indulge in utopian anticipations.

Still other difficulties are found "(1) in the smallness of the amount which can thus be distributed among the workmen, without unduly diminishing the employer's interest in production; (2) in the suspicions likely to arise regarding the employer's good faith in declaring the amount thus subject to distribution, unless the workmen, or a committee of them, are to be allowed such access to the employer's books and accounts as few business men would willingly concede; and (3) in the perplexing question, what shall be done, under such a system, in the not infrequent cases where the employer realizes, not a profit, but a loss."[2]

Moreover, though experience shows that usually there is an increase of zeal in the working force, and the relations between employers and employees are excellent, there have been exceptions, even to this rule. In many cases, undoubtedly, where the bonus is paid only at the end of the year, "the strength of the incentive to activity,

[1] Gilman, *Profit Sharing*, pp. 393-394.
[2] Walker, *Political Economy*, p. 350.

which the hope of earning bonus affords, is seriously impaired by the delay in its payment."

Industrial partnership shows few signs of extension, and, though it has proved in certain instances the most brilliantly successful form of profit sharing, is probably destined to only a circumscribed existence in the near future. Profit sharing by means of stock ownership, on the other hand, seems to have increased in favor, especially in the United States, within recent years. This method appeals strongly to the speculative instinct, which has permeated every social class, and finds in this fact its greatest strength. In this appeal to the speculative instinct, however, it finds also a fundamental weakness, and possibly even a certain fundamental viciousness.

While individually many profit sharing schemes have been eminently successful, as a type they have attained only limited social significance. Mr. Monroe, in the article previously mentioned, arrives at two general conclusions: "First, that such a system will succeed only with a select few of employers, those with whom social motives have an extraordinary influence and with a grade of skilled or intelligent labor. Second, such a system is of some importance to society from a statical point of view, but little, if any at all, from that of social progress."[1] Though these conclusions may seem somewhat too unfavorable to the system, it is undoubtedly true that individual instances of successful profit sharing are no more effective in the solution of the labor problem than

[1] *American Journal of Sociology*, Vol. I, p. 709.

are individual instances of successful coöperative colonies.

(b) *Objections to the Principle of Profit Sharing:* There are, moreover, several objections to the principle of profit sharing, which strike at the root of the system and cast doubt upon its social value, regardless of its economic foundation. In the first place, "if it be expedient that manual workers should share in the general prosperity or depression of the industry in which they are engaged, the sharing of profits and losses made by individual firms is clearly the wrong way to set about it. This result can only be attained by a formal or informal sliding scale of wages, dependent on the general conditions of the industry, and not on the ability of individual employers to adapt themselves to these conditions."[1]

Another serious objection to the system "is the manner in which profit sharing offends against that cardinal principle of industrial remuneration which demands 'that every man shall receive his own reward according to his own labor.' For while, under the ordinary wage-system, the remuneration of the labor of the employees is made wholly independent of the ultimate financial results of the business—results which depend, in the main, on the skill and industry, not of the workmen, but of their master—under the method of profit sharing, it is quite possible that the workman who, in the hope of earning 'bonus to labor,' has done work 10 per cent. in excess of the normal standard, may, even under a liberal scheme, find that, instead of receiving an addition to his normal wages of,

[1] Potter, *History of Coöperation*, p. 161.

say 7 per cent., the bad management of his employer has reduced his bonus to so low a level that he has to be content with a supplement equivalent to only 2 per cent. on his wages, or that * * no bonus whatever is forthcoming."[1] As President Hadley says: "To make his wages depend on net profits, under these circumstances, is to force him to participate in the speculations of his employer—a result neither equitable as between individuals nor desirable for society as a whole."

Finally, a third objection which has been brought against the principle of participation is that, while it may, when applied in individual instances, promote industrial peace, "the nature of the profit sharing method is such that its general adoption, so far from decreasing the occurrence of industrial strife, might quite conceivably multiply the causes of difference between employers and employed."[2] To the usual causes of disagreement there might easily be added, for instance, questions concerning the amount and the distribution of the bonus.

REFERENCES: There are several comprehensive general works upon the subject of profit sharing, the most important of which are: *Sharing the Profits*, by Miss Mary Whiton Calkins, 1888; *Profit Sharing Between Capital and Labor*, by Mr. Sedley Taylor, 1886; the report on "Profit Sharing," by Col. Carroll D. Wright, in the *Seventeenth Annual Report of the (Massachusetts) Bureau of Statistics of Labor*, 1886, pp. 155-236; *Profit Sharing Between Employer and Employee* (1889) and *A Dividend to Labor* (1899), by Mr. Nicholas Paine Gilman. The last named book, though only partly devoted to true profit sharing, describes in detail some of the most recent American experiments. The student is advised to read at least one of the first four works. Other descriptions of profit sharing experiments, as well as interesting and valuable articles on the subject, may be found by reference to the files of the monthly bulletin published from 1892 to 1896 by the Association for

[1] Schloss, *Methods of Industrial Remuneration*, pp. 305-306.
[2] *Ibid*, p. 295.

the Promotion of Profit Sharing and entitled *Employer and Employed.* Other references upon specific subjects are as follows:

SUPPLEMENTARY READINGS:

1. Economic Aspects of Profit Sharing:
   (*a*) Schloss, *Methods of Industrial Remuneration* (3d ed.), pp. 239-309.
   (*b*) Hadley, *Economics,* pp. 370-378.
2. Experiments in the United States:
   (*a*) Gilman, "Profit Sharing in the United States," *The New England Magazine,* New Series, Vol. 7, pp. 120-128.
   (*b*) Monroe, "Profit Sharing in the United States," *American Journal of Sociology,* Vol. I, pp. 685-709.
   (*c*) Howerth, "Profit Sharing at Ivorydale," *American Journal of Sociology,* Vol. 2, pp. 43-57.
   (*d*) Blackmar, "Two Examples of Successful Profit Sharing," *The Forum,* Vol. XIX, pp. 57-67.
   (*e*) Cabot, "An Instance of Profit Sharing," *Review of Reviews,* Vol. 26, pp. 325-326.
3. Stock Ownership by Employees:
   (*a*) *Eighth Biennial Report of the Bureau of Labor Statistics of Iowa,* pp. 13-15. (Plan of the Illinois Central Railroad.)
   (*b*) Wellman, "Profit Sharing in the Steel Corporation," *Review of Reviews,* Vol. 27, pp. 326-331.

CHAPTER X

COÖPERATION

Coöperation differs from profit sharing primarily by reason of the fact that, in its industrial form, at least, its aim is to modify radically, and finally to utterly abolish, the wage system. Moreover, coöperation is essentially democratic, while profit sharing is essentially paternalistic. The latter is an effort on the part of the capitalist class to increase net profits by means of a bonus to labor more or less contingent upon increased industry and care, while the former is an effort on the part of the working class to abolish profits by distributing surplus funds among those whose labor or trade has created the surplus. Profit sharing aims to increase the total production of wealth, and coöperation aims to promote its more equitable distribution. Many enthusiastic coöperators, in fact, while deprecating political socialism in many of its phases, accept the socialist state, or coöperative commonwealth, as their ultimate ideal.

The principle of coöperation demands, first, the distribution, not of a part, but of the whole, of the profits. Secondly, it involves a radical change from centralized, aristocratic control to diffused, democratic control of

industry or trade. Its aim is, by means of union, to distribute throughout all classes both wealth and power.

This study, however, is concerned merely with workingmen's coöperation. The farmers' buying and selling organizations, coöperative creameries, grain elevators, fruit agencies, telephone companies, etc., are, from the point of view of the laboring man, merely successful business organizations of the joint-stock or "trust" type, and are quite as far removed from working class coöperation as if they were owned and operated by a single man. Cooperative credit, on the other hand, though more often used by the middle class, is sometimes of advantage to wage laborers, while consumers' coöperation primarily, and producers' coöperation essentially, are working class measures.

1. *Methods of Coöperation:* The word coöperation is applied technically to unions for economic advantage "whether in the purchase and distribution of commodities for consumption, or in the production of commodities, or in the borrowing and lending of capital among workmen."[1] There are, then, three different forms of cooperation: (a) that which is carried on by associations of persons who desire to benefit themselves as consumers by saving the merchant's profits, commonly called distributive or, more properly, consumers' coöperation; (b) that which is carried on by associations of persons who desire to benefit themselves as producers by eliminating the employer's profits, commonly called productive or pro-

[1] *Encyclopedia Britannica*, Vol. VI, p. 338.

ducers' coöperation; and (c) that which is carried on by associations of persons who desire to benefit themselves by the use of their combined capital and their combined credit. Each form of coöperation presents separate features, advantages, and problems.

(a) *Consumers' Coöperation:* Distributive coöperation consists essentially in "a union of many consumers for the purpose of securing in the purchase of commodities advantages impossible to be obtained by one, through an equitable division of the profits derived from their purchases."[1] This variety of coöperation is exemplified by, and has been most thoroughly and consistently developed in the great system of coöperative retail and wholesale stores which is now said to reach about one-seventh of the population of Great Britain.

The two essential features of consumers' coöperation are, (a) democratic management and (b) some system of dividing profits in proportion to purchases. Usually the store is controlled by the shareholders on the principle of "one man one vote," regardless of the number of shares he may hold, and this principle is considered essential to true coöperation. In some cases each member is allowed to hold one share, and in other cases each member is allowed to hold as many as 200 shares, but the price of a share is usually, in the latter case, very low, in England, £1. The shares themselves seldom entitle the holders to anything more than a fixed rate of interest, which is treated as one of the expenses of the business.

[1] *Seventeenth Annual Report of the (Massachusetts) Bureau of Statistics of Labor*, p. 54.

(1). *Methods of Dividing Profits:* In the division of profits two principal methods have been employed. Profits may be divided simply among shareholders in proportion to their purchases, or they may be divided among both shareholders and non-shareholders, the latter receiving a smaller proportion, usually one-half, the dividend on purchases allotted to the former. The first of these two methods is that which is followed, for instance, by the stores which have been recently started in the Central States under the plan of the Right Relationship League of Chicago, while the second is the Rochdale, or English, method. Sometimes a full dividend is given to non-members and only one-half is paid in cash, the other half being credited toward the purchase of a share of stock. In general it is considered good business policy to allow non-members to share, though in a lesser degree, than members, in the benefits of the society.

In all cases where the profit is divided only among the holders of stock, the number of shares to be held by each individual must be strictly limited, and the shares must be widely distributed, if not practically unlimited in number. Otherwise the concern is merely a joint-stock company or close corporation, and the shares rise and fall in value with the success or failure of the company. In a truly coöperative company shares remain always at par, and new members merely add to the prosperity of the business and consequently to the dividends of the other shareholders. Members are usually encouraged to leave their dividends undrawn, and these are used in the exten-

sion of the business. Thus the store serves also as a savings bank, and habits of thrift are formed.

(2). *Prices:* Under the Rochdale plan of coöperation the current prices of the town are accepted as a fair standard, though it is insisted that all goods shall be pure and of good quality. With every purchase the customer is given a ticket marked with the amount of the sale. These tickets are presented at the end of the fiscal period, and each purchaser receives his proportion of the dividends, according to the amount of his trade.

Some coöperative establishments sell at the lowest possible prices consistent with safety. There is, however, serious danger under this plan that unforeseen expenses or losses will sweep away the profits and even the capital of the business. This plan also necessitates selling only to members, while if non-members are allowed to make purchases, particularly if they are allowed to share in dividends, the store is effectively advertised, for each one experiences for himself its benefits.

Moreover, the system which sells at current prices has three great advantages. In the first place it encourages thrift by lumping savings instead of dissipating them over small purchases. Secondly, it renders it difficult to conceal bad administration. Thirdly, it does not rouse, by pretending to undersell all other stores, the opposition and keen competition of the regular traders, which is sometimes disastrous to new enterprises. It has not infrequently happened that the other stores have sold certain articles below cost to attract trade and, by advertising

these articles, have persuaded coöperators that they could really do better elsewhere. The method of selling at market prices and then refunding the surplus indirectly but effectually accomplishes Robert Owen's ideal of the elimination of profit on price.

(3). *Cash Payments:* One of the cardinal principles of the Rochdale system, and thus far of all other permanently successful experiments in consumers' coöperation, has been cash payments, and, though this principle is not universally adhered to even by the Rochdale stores, the giving of credit has probably been the most prolific single cause of disaster to coöperative enterprises. "By ready-money payment, distributing societies have the great advantage of not incurring losses through bad debts, of having a simple system of accounts, a less complicated administration, of not involving the society in the costs of legal disputes, and of shutting the door on remonstrances in case the credit be denied, qualified or disowned. Further, by cash payment the society has no need to buy wholesale on credit, and is thus certain to obtain the lowest possible prices, and may, with very little capital, have a large circle of business, while its operations are always safe."[1]

(4). *Share of Employees:* As a rule the employees of consumers' coöperative societies do not share in the profits except as they may be members and receive dividends on purchases, nor do they usually, as employees, have any voice in the management of the business. They

[1] Pizzamiglio, *Distributive Coöperation*, p. 55.

are not generally, even as members, allowed to vote at elections. Nevertheless, there has been a strong and partially successful movement in Great Britain to introduce profit sharing into the distributive associations, as a partial compromise between the two ideals of consumers' and producers' coöperation. That employees, especially in the productive branches of distributive enterprises, should share in the benefits of the system seems to be clearly in accord with coöperative principles. Even when such a bonus is given, however, it is awarded upon the usual capitalistic grounds, because it is believed that the employees will be thus induced, by greater care and diligence, to increase the prosperity of the business. It is simply the scheme of capitalistic profit sharing applied to consumers' coöperation.

(5). *Wholesale Societies:* The coöperative wholesale societies which have had such brilliant success in England and Scotland, were started by the retail societies for the purpose of abolishing the profits of the wholesale trade for the benefit of their members. They are organized upon precisely the same plan as the retail stores, with societies, instead of individuals, as members.

(6). *Discount Societies:* One form of distributive coöperation which is somewhat widely prevalent in Europe and in the United States is that of societies which do not sell on their own account, but obtain reductions from traders in consideration of the steady custom of their members. This method is often adopted by mutual aid societies and by farmers' organizations. The Patrons

of Industry and the Farmers' Alliance, for instance, though they have sometimes established coöperative stores, have more often contracted with local dealers for their supplies or bought directly from the manufacturer. Sometimes regular coöperative stores obtain such reductions for members upon goods which they themselves do not carry. Thus in the United States, in 1895, ten societies reported "a considerable trade by their members at special discounts at private stores dealing in goods not kept by the societies." This discount was obtained in some cases directly, and in others it was paid to the society and added to the member's dividend.

(b) *Producers' Coöperation:* The coöperation of workmen in production varies greatly from the consumers' coöperation just described, and the two should be clearly distinguished as different species of association. Consumers' coöperation is designed to lower prices for the benefit of the purchaser, while producers' coöperation is designed to raise prices for the benefit of the laborer. Both are associations of workmen for their own advantage, but the one protects the interests of the workman as consumer and the other protects his interests as producer. It is apparent that, as the interests of buyer and seller, in the matter of price, are conflicting, there is an essential antagonism between consumers' and producers' coöperation.

Nevertheless, both are primarily unions for economic advantage and both are efforts to abolish profits,—consumers' coöperation to abolish the profits of the middle-

man and producers' coöperation to abolish the profits of the employer. In the latter case the object is effected by making the functional employer an association of the workmen themselves. Producers' coöperation, however, has never shown the vigor and vitality which have characterized associations of consumers.

The essential features of producers' or industrial cooperation "are (A) that each group of workers is to be associated by their own free choice, (B) that these associates shall work under a leader elected and removable by themselves, and (C) that the collective remuneration of the labor performed by the group shall be divided among all its numbers (including this leader) in such a manner as shall be arranged, upon principles recognized as equitable, by the associates themselves."[1] Some authorities insist that the manager must be chosen from among the workmen, but others allow an outsider, not necessarily a workingman, to be elected.

(1). *Ownership of Capital:* It is, of course, essential in such an association that all share capital, at least, which carries with it a vote in the management, shall be owned by the workmen. In France the "normal type" of industrial coöperation presents, as to the ownership of capital, the following characteristic features: (a) The share capital must be owned by workmen engaged in the particular trades carried on by the association, so that, if not actually employed by the coöperative company, they may be capable of such employment when the business has

[1] Schloss, *Methods of Industrial Remuneration*, p. 228.

extended; (b) workmen in other trades may be shareholders if actually employed by the concern; and (c) shares once acquired under these conditions may be held until death, but can be transferred only to workmen who fulfill the qualifications. It is essential that voting power be equal, regardless of the number of shares held. This requirement is one of the most fundamental differences between producers' coöperation and profit sharing.

(2). *Distribution of Profits:* In the distribution of the profits of a coöperative, as of a profit sharing company, there are three factors to be considered,—labor, capital and custom. The first, of course, under this system, is the fundamental claimant, and very frequently the entire net profit is divided among the whole body of workers, apportioning the share of each individual according to some fixed scale which determines as nearly as possible the exact contribution of each grade of labor to the total product. This division is usually based upon wages, but might conceivably be determined by hours of labor, or by an arbitrary scale determined by statisticians upon the basis of the three elements of skill, effort and time. Usually, however, it is required that each workman, to share in profits, must hold at least one or more shares of stock, and such ownership is often made the basis of participation, the non-owner working merely for wages as in other establishments. If, however, the profits are divided upon the basis of shares of stock, and not upon the basis of labor, the enterprise is either profit sharing by means of stock ownership or it is merely a system of joint-

stock organization. In any case it is essential to a coöperative society that some sort of adequate provision be made to prevent the accumulation of the shares in a few hands.

Theoretically, it is considered more equitable to ascertain in one common denominator the value contributed by the workers, by the capitalists and by the customers, and to divide the profits in proportion to the amount of this value represented by each individual. Under such a system wages are considered as equivalent to interest, and purchases as equivalent to capital. In practice, either or both of the factors, capital and custom, are sometimes admitted to share in the profits of industrial coöperation.

(3). *Individualist and Federalist Schools:* In regard to the general method of procedure, there are two distinct schools of productive coöperators,—the individualists and the federalists. "The first hold that individual bodies of workingmen should start for themselves in productive enterprises, obtaining their capital either from their own savings or by loan. The business should then be conducted independently of the distributive societies, and managed by the workingmen immediately interested, who may, if necessary, go into the open market and secure trade by superior energy or on account of the high quality of their product. The federalists, on the other hand, believe that the federated stores should provide the basis for productive effort; the capital saved in the stores should be used; the demand of the stores should supply the necessary market, and the management should be by

committee, precisely as the wholesale societies are managed. * * * The individualist would permit individual shareholders; the federalist would not, believing such permission dangerous as tending to joint-stockism. Strict adherence to the federalist system, as usually presented, would exclude the worker from participation in profits, except in his function as *consumer* as a member of some store having capital invested in the works, and except as a bonus or gratuity might be given him for superior work or extraordinary skill. In the works at present conducted by the English Wholesale Society upon substantially this plan, the workers, as workers, do not share in profits at all.''[1]

This latter plan, though it avoids the peculiar difficulties and dangers of true industrial coöperation, is not, so far as the workers are concerned, in any sense coöperative. Even when, as in the Scottish Wholesale Society, the workers receive a liberal share of the profits, the plan is not producers' coöperation, but is simply profit sharing practiced by a consumers' coöperative association.

(c) *Coöperative Credit:* Coöperative credit, the third variety of coöperation, is of two kinds, (a) banking associations, such as the Credit Unions of Germany, and (b) Building and Loan Associations, which have attained their greatest success in the United States.

(1). *Credit Unions:* Credit Unions are designed to give to the poor and to those of small means the same

[1] *Seventeenth Annual Report of the (Massachusetts) Bureau of Statistics of Labor*, pp. 122-128.

advantages in the use of credit that are enjoyed by the rich. Shares cost about $20 or $25 each, payable usually in monthly installments, and no individual can hold more than one share, though the number of stockholders is unlimited. Loans are made only to members and for a short period, but may usually be renewed if, at the same time, an installment is paid. The securities are in large part personal but, as all members are shareholders and are individually fully liable for debts, they take a deep personal interest in the welfare of the association and the tendency to speculate is kept at a minimum.

The first Credit Union was started in 1850, and by 1860 there were 300 in Germany, while in 1901 there were 12,140. Meanwhile, this form of coöperation has spread to other European countries, especially Austria, and has met with phenomenal success. In the membership of the Credit Unions, however, small employers and those having an independent business of their own predominate, and the wage earners constitute, in Germany at least, only about 10 per cent. of the members. These associations have been employed as one means of fostering small industries and of enabling them to compete successfully with large establishments.

(2). *Building and Loan Associations:* Building and Loan Associations, representing the second species of credit coöperation, are used, on the other hand, only to enable members to acquire homes, and the loans are seldom or never given to foster any form of industry. Their principle is concentration, and their funds are collected

from members and loaned to members. They thus serve, like the Credit Unions, as a combination savings bank and loan agency. Shares in these associations are comparatively high priced, being usually about $200, but they are paid in monthly installments, and the member is entitled to a loan as soon as his payments have begun. The security is, of course, the house upon which the loan is made.

The details of procedure are quite complex and technical, and vary with the different associations, but the principle is always the same. Each member pays a certain sum, perhaps $1 per share, each month, and the money so received, together with the interest on existing loans, is turned over to the highest bidder, who pledges in return a sufficient number of shares, and also gives satisfactory security on the property in which the money is to be invested. The borrower must hold a sufficient number of shares to cover the debt, and must continue to pay dues upon these shares, as well as interest, until through these payments and the accrued profits they have reached maturity, when the debt is cancelled. The margin between the actual sum which is turned over to the borrower, and the sum which he bids, is called the premium.

The payments usually last for about eight years, but in the meantime the member has the use of the house and, although he seems temporarily to be paying somewhat high rent, is eventually full owner. If he had bought on the usual installment plan he would probably have had a heavy first payment which it would have been difficult to

meet, and, in addition, would have had to pay considerably more than the cash price before he was through.

The Building and Loan Associations have attained far greater results in the United States than all other forms of coöperation combined, and have met with a fair degree of success in Great Britain and other countries. In 1902-1903 there were reported to be in the United States 5,299 of these associations with a membership of 1,530,707, and total assets of $577,228,014. While the Building and Loan Associations, however, have doubtless aided many of the working class to obtain homes, they are patronized more often by small business and professional men, and by clerks, managers and other salaried members of the middle and lower middle class. Moreover, "the chief commercial profit of such societies goes to the outside investors, who do not intend to borrow."[1] In general, Building and Loan Associations, although they have often encouraged workmen to save and to acquire real estate, and have thus placed such workmen upon the conservative side of many economic problems, have utterly failed to reach the great mass of the laborers, who are obliged to live from hand to mouth because to save would mean the deprivation of those minimum necessities which represent the standard of life.

Neither Credit Unions nor Building and Loan Associations, then, require any detailed treatment in a study of workingmen's coöperation. Though eminently successful in its field, credit coöperation reaches only the upper

[1] Hadley, *Economics*, p. 389.

fringe of the working class, and, as compared with consumers' and with producers' coöperation, has little bearing upon the labor problem.

2. *Development of Consumers' Coöperation:* Although a number of sporadic experiments in distributive coöperation were made near the end of the eighteenth century,—the first recorded case in 1794—these were practically only phases of charity. The first genuine cooperative movement in England began in 1824 and lasted until 1834 under the direct guidance of Robert Owen, from whom English coöperators drew their original inspiration. Robert Owen's ideal, however, was essentially communistic, and he expected from the application of the principle of coöperation a complete social transformation which should practically abolish competition. Among ardent coöperators this ideal is not yet extinct, but in practical application the elimination of profit on price has, in general, satisfied the aims of the distributive stores.

(a) *The Rochdale System:* The present extensive and stable system of consumers' coöperation in Great Britain originated with the Rochdale Equitable Pioneers, an association of twenty-eight Lancashire workingmen, each of whom contributed £1 to furnish the original capital. Robert Owen was the theoretical father of British cooperation, but these twenty-eight workingmen were the practical pioneers of the movement.

Though starting upon an extremely limited scale, this association met with steady and substantial success.

Within a year there were 74 members, and the capital had increased to £181. By 1854 there were 900, and the society had a capital of £7,172. At the same time, the scope of the business constantly broadened, new departments were added, and new branches started. In 1854 the original idea, which included the employment of members, was further carried out by the starting of a cotton-spinning mill, and other productive departments have been added from time to time.

Meanwhile, the Rochdale plan of coöperation was adopted in hundreds of other societies, and became the basis, not only of the strong coöperative movement of Great Britain, but of a large number of experiments in the United States and other countries. The United Kingdom, however, has always maintained its lead in consumers' coöperation, and had, in 1902, 1,624 societies with 1,915,885 members. A great part of the success of the system has been due to the fact that the direct and telling appeal is not to sentiment, but to the more permanent motives of material advantage. The qualities demanded are intellectual rather than moral, in the sense in which morality demands absolute personal sacrifice.

(b) *The English and Scottish Wholesale Societies and Consumers' Coöperative Production:* The English Wholesale Society was established in 1864 for the purpose of completing the independence of the retail stores, of furnishing supplies of undoubted purity, and of saving the profits of the wholesale trade. From the first this society was eminently successful, and it is now said to be

the largest mercantile establishment in the world. The headquarters are at Manchester, but branches are also maintained at other points, and about thirty resident buyers are kept in all parts of the world, while nine ships ply between England and Ireland and England and the Continent. In 1868 the Scottish Wholesale Society was started upon practically the same plan.

It has been considered best not to turn back the savings of profits from the wholesale societies to the retail stores, for this would either discourage thrift, or would leave them with a surplus which they could not profitably use. The accumulated profits of the wholesale trade have, consequently, been invested in many different varieties of productive enterprise, and thus the wholesale houses have become powerful competitors, not only of private producers, but of producers' coöperative societies. Many of the retail stores, moreover, manufacture goods for members upon a large scale, while in the independent Cooperative Baking Societies and Corn Mills production is carried on by associations of consumers and in their interests. In 1902, 776 societies established primarily for distribution reported that they employed 31,392 persons in production and that their annual sales of goods manufactured by themselves amounted to £10,361,648. It must be borne in mind that these figures do not represent true producers' coöperation, but merely production as carried on by consumers' societies. As a rule these societies do not even pay a profit sharing bonus to labor. The Scottish Wholesale Society, however, has for many

years given a share in profits to its employees, and the employees' bonus, in both the distributive and the productive departments, is at the same rate as the dividend on members' purchases.

(c) *Consumers' Coöperation in Other European Countries:* Considerable progress in consumers' coöperation has been made in other European countries, and since 1895 annual International Coöperative Congresses have been held, with delegates from nearly every civilized nation of the world. France had, in 1901, 695 coöperative bakeries and 864 distributive associations, the membership of 700 of which was 325,865. In the same year there were, in the German Empire, 1,528 coöperative stores, and also 1,941 agricultural and 211 industrial supply associations. Holland had, in 1902, 131, and Switzerland in 1899, 344 coöperative stores, while in 1898 Denmark had 637, Italy 508 and Austria 714 distributive establishments of various kinds. In Belgium, the socialists have developed a highly successful system of distributive coöperation, which includes the Maison du Peuple, of Brussels, and the Vooruit of Ghent, which in 1900 had a membership of 7,000 families, and operated a large bakery, clothing and shoe stores, a coal yard, seven groceries and five pharmacies.

(d) *History of the Movement in the United States:* It is impossible to obtain adequate statistics concerning either consumers' or producers' coöperation in the United States, for there has never been any central organization which could exercise a cohesive force over

the movement. Moreover, very few, even of the consumers' societies, have had more than a brief existence, and many coöperative experiments have doubtless lived and died in obscurity, known only to a small circle of interested persons.

(1). *The Union Stores:* The first known attempt at distributive coöperation in the United States was made about 1844 by a Boston tailor, who started a so-called "dividing store" among the members of the New England Association of Mechanics and Workingmen. From this beginning sprang, in 1847, the Workingmen's Protective Union, later called the New England Protective Union. In October, 1852, 403 sub-divisions had been organized, and of these, 165 reported sales during the previous year amounting to $1,690,825.46.

In 1853, however, a split took place and the American Protective Union was started. For a time this organization had divisions in at least ten states, and at its annual convention in 1857 there were reported to be 350 divisions, mostly in New England. The aggregate capital in that year was $291,000, and the annual trade $2,000,000. Meanwhile, "the original or New England Protective Union, though seriously crippled by the schism in its ranks, had reports in 1856 from sixty-three divisions, with three thousand five hundred and eighty-four members, $130,912 capital, and a trade for the preceding year of $1,005,882.02."[1]

The union stores sold at first only to stockholders, but

[1] Bemis, *History of Coöperation in the United States*, p. 23.

after a few years they were thrown open to the general public. Though under the rules sales were to be made only for cash, credit was given by many divisions. Goods were supposed to be sold as near cost as possible, but as profits were divided among shareholders, the temptation was often yielded to of increasing the dividends by an increase of prices. Thus many of these societies became merely joint-stock companies.

About 1858, moreover, both organizations began to decline, and at the outbreak of the Civil War they finally went to pieces. Among the causes of failure were (a) the difficulties of the system of selling at cost, (b) the choice of incompetent managers, (c) the use of credit, and (d) "the underlying causes of all coöperative failures,"—lack of intelligence and of the spirit of coöperation. All of the 769 stores started either disappeared or were transformed into private establishments, and none now survive as coöperative enterprises.

(2). *The Patrons of Husbandry:* The next effort towards coöperative distribution was made in the grange stores of the Patrons of Husbandry, a farmers' organization started in 1866. This society was for a time brilliantly successful and established many coöperative experiments. Most of these, however, like the union stores, which they closely resembled, soon lost their coöperative character. Nevertheless, in 1885, there was reported to be in Texas a wholesale society and about 150 retail stores in connection with the Patrons of Husbandry, and, though by 1896 coöperation in that state had greatly

declined and the small local societies had largely died out, the trade of the wholesale society for 1894-95 was reported as $65,000, and the commission business amounted to $222,661.91.

(3). *The Sovereigns of Industry:* Meanwhile, in 1874, the Sovereigns of Industry appeared upon the field, and to this organization coöperation owes a great impetus. In 1875, 101 councils, with 6,670 members, reported that they had in practice some method of supplying members with goods. In many cases agents were empowered "to buy for cash at wholesale prices, at regular intervals of a week or longer, such goods as the members of the local council deposited money for in advance."[1] In other cases, as in the Springfield store, which was the largest and oldest experiment of the Sovereigns, the plan of the union stores was adopted. In this case a change was made in 1878 to the Rochdale plan, but too late to prevent failure in 1879. About one-half of the stores started under the auspices of the Sovereigns of Industry, however, and all of those which succeeded,—as, for instance, that at Dover, New Jersey, which prospered from 1874 to 1895,—were founded originally upon the Rochdale plan. Thus the Sovereigns of Industry may be said to have first firmly established the Rochdale system in this country.

The order was dissolved in 1879, but some of the stores continued to exist independently, while in many that suspended there was no financial failure. The Patrons of Industry and the Farmers' Alliance have also bought

[1] Bemis, *History of Coöperation in the United States*, p. 40.

supplies coöperatively for the benefit of their members.

(4). *The Labor Exchange:* Coöperative distribution in this country has been marked by one development which is original and interesting, if not practical,—the Labor Exchange. The plan is for members to deposit any commodity they wish, and receive in payment a labor check for its value in the local wholesale market. These checks the depositor may use to buy, at retail prices, whatever he desires from the Exchange. The goods deposited may be sold to outsiders, also, either for Exchange checks or for legal money. The first Labor Exchange was organized in 1889 at Independence, Missouri, by Mr. G. B. De Bernardi, and it was claimed that in June, 1896, there were 135 branch Exchanges scattered through thirty-two states, with a membership of 6,000. In 1895, the Labor Exchange of Topeka, Kansas, reported a business of $10,000, with a net profit of $1,000. This movement, however, lost strength and character after the death of the founder, and is now little more than a memory.

(e) *Growth and Present Status of Consumers' Coöperation in the United States:* A fairly exhaustive investigation made in 1886 by five graduates of Johns Hopkins University disclosed 19 coöperative stores then in existence in New England, and 30 outside of New England, not including several partially coöperative enterprises among the Mormons, and one at Allegan, Michigan. By 1896, however, 6 of the New England stores, and 24 of those outside of New England, had disappeared, while some 16 new associations had been started in states out of and

at least 13 in New England. Meanwhile the total coöperative trade of New England had doubled in value, though that outside of New England had decreased from $1,000,000 to $900,000. Most of these stores were on the Rochdale plan.

In 1896 the total membership of 26 societies in New England was 10,692, and that of 23 outside of New England was 6,115. Moreover, there were known to be several, "and perhaps over 20 coöperative societies outside of and even in New England" from which no reports were made. Adding the 6,000 members claimed by the Labor Exchanges, the total membership in all distributive coöperative associations in 1896 was about 25,000. This does not include the Zion's Coöperative Mercantile Institution of Salt Lake City, which is conducted by the Mormon church, and supplies similar stores in nearly every Mormon town throughout Utah.

No recent statistics of the coöperative movement are available; and it is impossible to state with any certainty the present numbers, trade or membership of coöperative distributive associations in the United States as a whole. It is known, however, that in May, 1904, there were at least 43 stores in New England, 36 in Kansas, 70 in California, Washington and Idaho, and 23 in the North Central States, while other states probably had at least twenty-five experiments, making in all about 200 coöperative distributive stores. A careful census, however, might materially increase this number. Professor Parsons estimated that, in 1903, 200 coöperative stores had a

membership of about 60,000, and were doing a business of about $7,000,000 per year. The principal centers of the movement are in New England, Kansas, California and the North Central States. In June, 1904, an American Coöperative Union was formed at St. Louis as a propaganda center and general bureau of information for the entire movement.

(1). *The New England Movement:* In New England the stores are nearly all conducted upon the Rochdale plan, but most of them are small and isolated. The oldest is the little coöperative store at Silverlake, in the town of Kingston, Massachusetts, which has been in successful operation since 1875. Of the three coöperative associations which in 1896 were estimated to include 36 per cent. of the population of Lawrence, Massachusetts, the Equitable has disappeared, but the Arlington and the German are still carrying on business, the latter reporting a 12 per cent. dividend to members, and 6 per cent. to non-members during the second half of 1903.

The most interesting and successful of the New England societies, however, is the Coöperative Association of America, which since 1901 has conducted the largest grocery business and general market in the combined cities of Lewiston and Auburn, Maine, employing about one hundred persons and having annual sales amounting to over $600,000. Although partial use is made of the Rochdale system, the ultimate aim of this association resembles more closely that of the older Owenite movement, for it is planned to extend the business eventually into a great

trust for the benefit of the people,—in fine, to work out a new and complete civilization, in which the laborers shall receive the full product of their toil. To this end employees are admitted as co-worker members, investing $300 in the capital and receiving "from the profits of the business a sum equal to 10 per cent. upon their salaries." The rest of the profits are divided among the "coöperators" in proportion to the purchases made by each. One peculiar feature of the Coöperative Association of America is that 90 per cent. of its capital stock is owned by the the Co-workers' Fraternity Company, which is organized for propaganda purposes, and is designed to perpetuate the movement for all time.

(2). *The Kansas Movement:* Of the 36 coöperative stores in Kansas the oldest is the Johnson County Co-operative Association at Olathe, which was started in 1876, and has four branches. About one-third of these enterprises, including the Johnson County, are grange stores, while the others are outgrowths of the Farmers' Alliance. All follow substantially the Rochdale system, paying, as a rule, 8 per cent. interest on capital, and averaging 7 to 8 per cent. rebate on purchases. The Kansas State Coöperative Union was organized in 1902, by the representatives of some twelve or fifteen stores, and has since held annual meetings.

(3). *The Pacific Coast Movement:* The California Coöperative Movement began at Dos Palos, in the San Joaquin Valley, in 1896, with the opening of a small store, which began with $10 in cash and $14 in produce, and

which was at first open only one evening in the week. The original incentive was given by the Farmers' Alliance, and the Rochdale system was early adopted. The movement grew steadily and early in 1901 the Rochdale Wholesale Company was established in San Francisco. At that time there were 29 coöperative distributive societies in the Pacific Coast States, 28 of them in California and one in Nevada. In May, 1904, only 13 of these were still in existence; but enough new enterprises had been started so that the list included 70 associations, 47 in California, 22 in Washington, and one in Idaho. Of these, 45 were members of and the rest maintained fraternal relations with the Rochdale Wholesale Company of San Francisco. The stores connected with the Rochdale Wholesale Company represent a total membership of about 5,000 persons, and a business of nearly $2,000,000. The Pacific Coast Coöperative Union and the Washington Coöperative Union serve as propaganda centers for the movement.

(4). *The Right Relationship League:* The existing movement in the North Central States began with the formation in Chicago, in 1898, of the Coöperating Merchants' Company, and the Right Relationship League, the one a wholesale house organized upon the coöperative principle and including in its membership a number of coöperative retail stores, and the other a propaganda society. The Right Relationship League has a distinct plan of procedure and of organization, which it calls "true coöperation, the real thing," and which includes

the purchase of a membership in the Coöperating Merchants' Company. The scheme is to form county organizations, which shall buy out already existing stores, and shall employ as manager the former owner, consolidating different kinds of stores into departments under one general management and obtaining branches in other towns of the county as rapidly as possible. The stores bought are to be paid for in shares of the coöperative company, but all shares above $100 are to be deposited and held in trust until purchased by non-members. In this way it is obvious that the competition of private dealers is reduced to a minimum, while it is believed that the coöperative stores formed upon this plan have, by reason of their close connection with the wholesale Coöperating Merchants' Company, a distinct advantage over private enterprises.

The chief features of the plan of organization recommended by the Right Relationship League are (a) equal ownership of stock, each share to be placed at $100; (b) officers elected by stockholders on the plan of "one man, one vote," and no proxies; (c) all business transacted on a cash basis, or produce or labor; (d) goods sold at ordinary market prices; (e) net profits divided annually, after the payment of interest at 8 per cent. on shares and fixed proportions to reserve, educational and depreciation funds, "among the members according to the amount of their individual patronage." Deserving persons are permitted to pay for stock on the installment plan, all dividends to be credited until fully paid. It is

designed to increase the capital stock from time to time in order to prevent shares rising above par.

This Right Relationship League plan has been adopted in at least 7 stores in Michigan, 7 in Wisconsin, 3 in Illinois, 3 in Ohio and 3 in Minnesota, making 23 in all, scattered through the smaller agricultural towns. It is intended, however, to organize coöperative associations among city wage earners as soon as possible. The Right Relationship League, indeed, like the Coöperative Association of America, considers coöperative distribution merely as the first step which "will lead next, to coöperative production, next to public ownership of natural resources, and finally to complete industrial and economic equality, social and political right relationship—the Kingdom of God on Earth."

3. *Development of Producers' Coöperation:* Producers' coöperation, which was begun, so far as we have record, by some striking tailors of Birmingham, England, in 1777, has been the ultimate aim of all enthusiastic coöperators, and may still be called the ideal of the movement. Its history, however, reflects throughout the greater difficulties with which it has had to contend, and comparatively little has been actually accomplished towards the realization of the earnest hopes of its advocates. Many experiments, however, have been made and a few successes have been bought at the expense of many failures, though recently it has become increasingly apparent that the movement has made substantial, though slow progress, especially in France and England.

(a) *Growth of the Movement in France:* The earliest successes of the system were obtained in France where, from time to time, large sums have been appropriated by the government for the aid of workingmen's coöperative associations. Even before these appropriations, however, there was in existence in Paris a successful coöperative society of jewelers, which dated from 1833, eleven years before the beginning of the Rochdale movement.

In 1848 the government appropriated three millions of francs as a loan to coöperators, and also arranged to give public contracts on especially easy terms to associations of workmen. There was a general rush to secure the money and the contracts and over 200 societies were formed, but the movement seems to have been nearly a total failure, both from the point of view of the government and from the point of view of the workmen, the government losing more than half of the funds appropriated. There were, however, individual instances of success, and an impulse seems to have been given which led later to the formation of a considerable number of coöperative enterprises which carried on business without the aid of a government subsidy. By 1852, however, the greater number of these associations had ceased to exist, and only four survivals could be found in 1899.

Coöperation was practically submerged in France from 1851 until 1863, when the beginning of the second movement was signaled by the success of several workingmen's coöperative banking associations. State aid had apparently brought disaster before, and it was opposed by the

champions of this movement. By 1868 there were 93 productive societies in France, but, in the same year, the failure of the Crédit au Travail and the disappearance of the other banks brought most of these associations to a sudden end.

In 1879-80, amid the labor difficulties of the time, coöperation was again revived, accompanied by a reversion to the original demand for government aid. Public works were thenceforward regarded as the rightful perquisite of associated labor. Further aid was furnished by the bequest of a million and a half francs made by M. Benjamin Rampal to the city of Paris for the encouragement of coöperation. In 1883 the first installment of 400,000 francs of the bequest was loaned out, but this money seems, on the whole, to have met disaster, though in individual instances it doubtless led to success. In 1885 there were 74 coöperative productive societies in Paris, 6 of which had survived from the first movement and 12 from the second.

In 1897 the French Bureau of Labor made an investigation which disclosed the existence of 213 workingmen's coöperative productive associations during 1895 and 1896. On January 1, 1897, 184 of these were known to be in operation, and returns were received from 165, with a total membership of 9,029 persons, most of them actual or former workmen in the industry represented. Only about one-half, from 4,013 to 4,864, of the members, however, were at work for these associations, while an even larger number, from 4,274 to 6,735, non-members or

"auxiliaries" were employed. During 1895, 100 of these associations were conducted at a total profit of $465,175.00, while 65 were conducted at a loss. The total business transacted by the entire 165 during that year amounted to $5,769,803, of which $882,652 was for work done for the state, the departments or the municipalities.

(b) *Associations for Contract Labor:* On January 1, 1901, there were reported to be in France 296 productive societies, 106 of these in the building trades alone, and many of them evidently contract associations with little or no capital. The Palais de l'Economie Sociale at the Paris Exposition of 1900 was entirely constructed by eighteen coöperative societies. These associations of workingmen for contract labor have had considerable success, also, in Italy and in New Zealand, and furnish one of the most interesting and important developments of the modern coöperative movement.

In many instances this form of coöperation has been directly encouraged and fostered by government action. In France, for instance, the law provides: (a) that public contracts shall be split up into such size that associations of workmen can bid on them, (b) that such associations shall not be obliged to deposit any guarantee when the contract is under a certain amount, (c) that workingmen's associations shall be given the preference when bids are equal, and (d) that payments shall be made to such associations every fifteen days. The government printing of France has for many years been done by these so-called

"coöperative companionships." Frequently, too, trade unions take contracts of this character. In New Zealand the system is provided for by law, and the great bulk of the public railway and road work is carried on by coöperative associations of workmen, the number of persons constantly employed in this way averaging in 1896 about 2,000. In Italy, from 1889 and 1894 inclusive, contracts for public works were granted to 157 different coöperative societies of production and labor.

(c) *Producers' Coöperation in England:* In England the progress of producers' coöperation was at first slow and halting, but within recent years the movement has developed somewhat rapidly. The number of associations, indeed, has grown from 15 in 1881 to 332 in 1902, and the number of shareholders in societies making returns from 2,560 to 62,920, while during the same period the amount of sales increased from £98,137 to £2,757,414.

The rapid increase in the number and importance of producers' coöperative associations is partly due to the encouragement and practical aid received from the strong consumers' movement. It has been customary, for instance, for the consumers' associations and wholesale societies, in buying supplies, to favor coöperative associations of producers.

Many of these so-called coöperative companies, however, are little more than joint-stock concerns. The famous cotton mills at Oldham, for instance, though most of them were started by workingmen, to whom, up to a

recent period, a considerable part of their capital has belonged, practice no form of profit sharing, and of late years their shares have been gradually passing into the hands of middle class capitalists. Moreover, those workingmen who own shares usually prefer the stock of a mill in which they themselves are not employed.

In 1896 it was found that out of 112 "productive" societies 21, or nearly one-fifth, failed to give any share in profits to their employees, and were thus false to the first principles of true producers' or industrial coöperation. The remaining 91 societies had a total membership of 15,799 (13,515 individuals and 2,284 societies), and employed 5,633 persons. The methods of dividing profits differed widely, but usually the purchaser received back a part of the price of the goods bought as a dividend, while the employees received either a fixed proportion of the profits or divided the amount with the shareholders in the proportion which the share capital bore to the total wage earned.

So far as the division of profits is concerned, these societies differ little from the profit sharing concerns previously described. It is, indeed, the management of the business by the workingmen which constitutes the distinctive feature of producers' coöperation, and in this respect considerable progress has been made within recent years, the proportion of shareholders who are workmen and the proportion of employees who hold shares both showing an increase. Self-government, however, is only partially carried out in practice, and a large part of the

capital of these associations is held by persons other than employees.

Upon the whole, the associations for coöperative production in Great Britain are meeting with considerable commercial prosperity and, "although very far from carrying out in any at all complete manner the cardinal principles of industrial coöperation, which require that the actual workers shall possess the entire management of the workshop, have in recent years displayed a decidedly increased approximation to the coöperative ideal."[1]

(d) *Producers' Coöperation in Other European Countries:* In the other countries of Europe a lesser degree of success has been attained. Nevertheless, Germany claimed in 1900, 193 so-called productive societies, only a very few of which, however, were properly organizations of workmen. In Italy the socialists have met with considerable success in producers' coöperation, and Holland reported, in 1902, 58 associations for production and 55 coöperative bakeries. The movement, though it has nowhere shown great strength, seems to be wide-spread.

(e) *Producers' Coöperation in the United States:* In the United States true producers' coöperative associations of workingmen have met with almost uniform failure, though experiments have been made in a large variety of industries and in nearly every part of the country. Many of these have been under the auspices of labor organizations, especially the Knights of Labor, and in a considerable number of cases they have been intended

[1] Schloss, *Methods of Industrial Remuneration*, p. 351.

merely to supply the members with work during a strike.

(1). *History of the Movement:* The first attempt in this direction seems to have been made by the Boston Tailors' Associative Union, organized in 1849 with $50 shares, and dividing profits in proportion to labor performed. This organization carried on operations for only a few years, but was the precursor of a considerable number of coöperative experiments in Massachusetts,—especially in the shoe, foundry and furniture business,—which flourished during the '70s and '80s. In each year from 1875 to 1885, indeed, from 7 to 10 such coöperative manufacturing enterprises were in existence in Massachusetts, the average capital stock of the 10 in operation in 1884 being $16,690.00. In many cases, however, companies were called coöperative which never gave dividends to labor, but divided profits solely on the basis of shares, these shares being owned usually by the workmen, though often non-shareholders, also, were employed. Such companies are examples neither of true profit sharing nor of true coöperation. All of these enterprises, moreover, either failed or passed into private hands.

During the supremacy of the Knights of Labor, from 1884 to 1888, producers' coöperative establishments flourished sporadically in different parts of the country, and even within recent years the Knights have made some efforts to establish coöperative enterprises. In 1899, for instance, attention was called in the General Assembly "to the window-glass factories owned and operated by the members of Local Assembly 300, window-glass work-

ers, on the coöperative plan, as it was said, 'although in a sense they are stock companies.' "[1] In general, however, coöperative production, except as a temporary resource when men are on strike, has met with little success as carried on by labor organizations. The principal causes of faiure seem to have been disagreements of various kinds and the lack of education and of business qualifications in the members.

(2). *The Minneapolis Coopers:* The oldest existing coöperative productive establishments are, doubtless, the famous cooper shops of Minneapolis. This movement began in 1868, and was the outgrowth of a desire for greater certainty and more regularity of employment, as well as for higher wages. The first experiment failed, owing to the lack of demand for the product, and the second on account of the treachery of the treasurer. In 1874, however, the Coöperative Barrel Manufacturing Company was started, and this association is still successfully carrying on business. Other coöperative companies were organized from time to time and in 1886 there were eight in Minneapolis. By 1896, however, four of these had disappeared, and in January, 1904, only three remained,—the Coöperative Barrel Manufacturing Company previously mentioned, the North Star Barrel Company, started in 1877, and the Hennepin County Barrel Company, started in 1880, and now doing an annual business of $400,000. In the latter company 50 per cent. of the employees are stockholders. All three

[1] *Industrial Commission,* XVII, p. 22.

concerns firmly maintain the principle that each member must hold the same amount of stock, but profits are divided on shares, and wages are the same for similar work for both stockholders and non-stockholders.

There has been, however, some trouble between the coöperators and the unions owing to the fact that the former, being capitalists, *will* not strike, and that they have such a large part of the business that the journeymen in private shops *can* not strike. In 1899, at the convention of the American Federation of Labor, a protest was received from the local union of machine coopers in Minneapolis, "declaring that to place them under the jurisdiction of the Coopers' Union would be to place them at the mercy of their employers. The members of the Coopers' Union, according to the statement, were almost all stockholders in cooperage plants and machine coopers were employed by them. If the machine coopers were compelled to join the Coopers' Union these union employers would be entitled to free admission to their meetings. Moreover, since the machine coopers were in the minority, they would be controlled by their employers even in the union itself. * * * The complainants are now organized within the international body, but as a separate local."[1]

A somewhat similar complaint is made of the few small coöperative coal mines in Illinois, which are said by the State Mine Inspector to have a bad effect on wages in their neighborhood by their readiness to sell coal at any

[1] *Industrial Commission*, XVII, p. 209.

price when trade is dull. In the cigar making trade, moreover, it is said that the tendency of successful co-operators is to become small masters, and work against the interests of the union.

(3). *Other Existing Experiments:* Outside of the communistic settlements, which have usually carried on some form of coöperative production, there have been in the United States during the past forty years about 200 experiments in producers' coöperation, but nearly all of these have disappeared or become joint-stock companies, and at present there are probably not more than 50 establishments which can in any sense be called coöperative. The Zion's Coöperative Mercantile Institution, it is true, has several large productive departments similar to those of the English Wholesale Society, but these are conducted in the interests of consumers and not of producers. It is impossible to give an even approximately accurate list of the few obscure and isolated experiments which are now being carried on, and such a list, if given, would be of little value for, though correct to-day, it would need to be revised to-morrow.

Coöperative manufacturing establishments, however, are known to be operated by labor unions in the iron, glass, garment, cigar making and other trades, and the United Order of Box Workers and Sawyers of America have two coöperative factories in Chicago and one in Milwaukee. Woodworkers, also, have attained some success in producers' coöperation in St. Louis, while there

are, in various parts of the country, coöperative sawmills, gristmills, wood yards, starch factories, canning factories and mines. New York City is said to have a coöperative restaurant, and in Los Angeles, California, there is a successful coöperative laundry, which was started in 1901 by half a dozen striking laundry girls. Still another interesting organization is the Workers' Coöperative Association of Boston, which was formed in 1900 by members of the Building Trades Union, for the purpose of erecting, during unemployed time, a labor temple.

One of the most important existing experiments, however, is that which was inaugurated in 1902 in the metal polishing and plating department of the Eastman Kodak Works at Rochester, New York. Coöperation in this case was due to the fact that the workmen employed in the department joined the union, and made certain demands upon the company, upon which the manager proposed that they start a coöperative association, and promised to send them all his work. The offer was accepted, and a coöperative society was organized with 34 members, each of whom subscribed for $1,000 worth of stock. It is provided, however, that any stockholder who desires to withdraw must offer his interest first to the company. There are nine directors in whom is vested the control of the business, and a shop committee of three receives all complaints. At the end of the first year it was found that the coöperators were receiving about 10 per cent. higher wages than other workmen of their kind in the

city, but meanwhile, the number of stockholders had been reduced to 21.[1]

4. *The Success and Failure of Coöperation:* Though the movement is backward in this country and may never become here as important as in Europe, coöperation undoubtedly stands in the front rank of remedies for the evils of the modern labor situation. It is a serious mistake, however, to assume that, because coöperative enterprises have shown themselves capable of more or less commercial success, the principle can eventually be expanded over an industrial utopia. Whatever benefits can be derived by the laboring classes should be appreciated, and the movement ought to be encouraged, but, at the same time, it must not be forgotten that the practical ideals of the two varieties of coöperation are, from the economic point of view, distinctly antagonistic, and that there are certain fundamental objections to the complete application of either principle.

(a) *Commercial Status of the Coöperative Movement:* In measuring the possibilities of either form of coöpera-

[1] After this book had gone to press it was learned that this example, although still valuable for illustrative purposes, had already practically ceased to represent true coöperation. In November, 1904, the number of stockholders had been reduced to five, each holding an equal share, while about twenty-five men, some of them formerly fellow coöperators, were employed. Moreover, an open shop had been established, and the demands of the local union were declared too extreme to be considered. This experiment, indeed, is at the present writing a striking illustration of the degeneration of a coöperative productive enterprise into a joint stock company, referred to in the next section as one of the dangers of commercially successful coöperative production. The rapidity, too, with which the Union Polishing and Plating Company has run the entire gamut from radical trades unionism and coöperation to the open shop policy and "joint-stockism" illustrates clearly the fugitive character of the movement.

tion it is necessary to determine, first, its commercial status, and second, its practical advantages.

(1). *Causes of the Success of Consumers' Coöperation:* Consumers' coöperation, as a commercial system, owes its success to its economic superiority over competitive distribution, with its unnecessary multiplication of small traders, its wasteful methods of advertising and displaying goods, its petty deceptions, and its "habitual robbery of the punctual creditor to cover bad debts." In England, for instance, the movement is founded upon well recognized business principles and is admirably adapted, not only to fulfill the functions of a consumers' trust, but to hold together in loyal devotion to a common material interest an enormous number of individual members. Not only, however, does coöperation insure a comparatively permanent and loyal set of customers, but the members of stores can cheerfully impose upon themselves rules which they would not tolerate in a privately owned establishment, and "by obedience to these rules they can secure great gain in economy of production, without diminishing the utility of the goods and services received. By their experience in adopting and enforcing these rules, they can educate themselves to a far higher degree of economic forethought than they would otherwise be likely to possess, and can obtain a decided increase of comfort, both for themselves and for the community as a whole."[1]

Other advantages of coöperative stores are the saving of many advertising expenses, and the more certain knowl-

[1] Hadley, *Economics*, p. 382.

edge of the customers' needs, by means of which they are enabled to avoid the waste and deterioration resulting from long storage. Moreover, the customary freedom of coöperative stores, which are established, not for private profit, but for the good of the customers, from the adulteration of articles and the frauds in weight and measure common in ordinary retail establishments, serves, not only to attract trade, but to enforce upon private merchants greater care as to the quality of their goods. While the methods of private trade have, in their turn, certain advantages, it is obvious that coöperative distribution is no weak competitor. In England it has transformed "retail trading from a petty enterprise into a great industry."

The movement in England, however, has had special advantages due to the topography of the country, and in the United States it would be far more difficult to centralize such a business and to obtain sufficient capital to compete successfully with the large private corporations which are already in the field. The English movement, moreover, was itself a plain result of the general tendency towards the concentration of business, while in the United States the time for such a growth from small beginnings has passed, and any movement now undertaken must be capable, in the first instance, of successful competition with the large department stores and mail order houses of the cities. Even in small towns and country districts it is exceedingly difficult for coöperative stores to survive without the backing of a strong wholesale house. For this reason, the Rochdale Wholesale Company of San Fran-

cisco is probably the most important single factor in the American movement, while the Coöperating Merchants' Company of Chicago, though its membership is at present very largely composed of private traders, shows more significant promise for the future than apparent accomplishment.

The lack of success of consumers' coöperation in the United States is partly due, however, to other economic causes, such as the greater mobility of the American workman, and especially the individualistic movement which has settled the west. Moreover, the higher and more elastic wages of this country have rendered combinations for the effecting of small economies less needful and, at the same time, have made the energies of the individual workmen too valuable to be frittered away in the minute personal supervision which must be given by every member if a coöperative business is to be successful. In fact, the comparative advantages of consumers' coöperation have heretofore been less in this country than in Europe, and the system has, consequently, met with only a minimum degree of success.

(2). *Practical Difficulties and Limitations of Producers' Coöperation:* The superior advantages claimed for producers' over consumers' coöperation are accompanied by a corresponding number of practical difficulties, which render commercial success far less frequently attainable. In the first place, there is the difficulty of securing an efficient manager with the ability to organize and administer the business in such a way that it can compete success-

fully with private industry. Workmen seldom realize the market value of the services of a responsible and efficient manager, and are unwilling to pay the necessary salary. Even when such ability is secured, moreover, the fact that the manager is dependent for his election upon the votes of the workmen makes it exceedingly difficult for him to exercise that administrative discipline which is essential to the economical conduct of any enterprise.

Want of capital and want of custom are also prolific causes of failure for producers' coöperative enterprises, while there is endless trouble with incompetent and shiftless members. Losses are not gracefully or easily borne, and the division of profits sometimes causes serious disagreements. Even when the enterprise is successful so far as production is concerned, there are further risks in disposing of the product, and the laborer is still exploited, not only as a consumer, but also in transportation and marketing. All these difficulties, moreover, are enhanced by the necessity of competing with enterprises in which there is an elastic possibility of reducing wages and profits without serious inconvenience.

In fine, this species of coöperation is likely to succeed only among the most intelligent and the best trained of the working class,—men who, a generation ago, would have been independent employers on a small scale, but who to-day, owing to the constantly increasing necessity for large amounts of capital in business enterprises, must combine their limited means in order to compete. It has even been said that the only perfectly reliable means of

success yet discovered for productive enterprises, when unconnected with coöperative distribution, is to give up coöperation itself and become mere joint-stock companies controlled by shareholders.

Indeed, if a coöperative business is not successful it simply dies, but if it is successful it is immediately and continually confronted with the danger of degenerating into "joint-stockism." It seems hard to those who have borne the brunt of the struggle, that strangers should come in and reap the benefit and, accordingly, the temptation is great to close the ranks of profit sharers to new comers. Exclusiveness is developed and the more efficient and prosperous members obtain before long a controlling influence. Thus coöperation dies and "joint-stockism" reigns supreme.

Nevertheless, though the difficulties and dangers of producers' coöperation are great, a fair degree of success has already been attained along certain lines, and the system is probably destined to further development in the future. The possible field, however, is somewhat narrowly limited. As President Walker has said: "Where (1) a branch of industry is of such a nature that it can best be carried on by a small group of workmen; where (2) the workmen so engaged are substantially on a level as regards strength and skill; where (3) the initial expenditure for tools and materials is small, and, especially, where (4) the goods are to be produced mainly or wholly for the local market, the difficulties of the coöperative system sink to a minimum and the advantages rise to a maximum. It is in

such branches of industry, therefore, that the experiment of productive coöperation should first be tried. Success can be achieved here, if anywhere. Should success be here achieved, advantage may be taken of the experience thus accumulated and of the training thus acquired, to undertake progressively larger enterprises. On the other hand, should the difficulties of productive coöperation prevent a decided success within the nearer and easier field, it would be worse than futile to attempt to inaugurate that system on a more ambitious scale."[1]

(b). *Labor Copartnership:* Within recent years there has appeared in Great Britain a new ideal of coöperation which, it is claimed by its advocates, avoids the difficulties while gradually bringing the advantages of producers' cooperation and which, at the same time, utilizes the economic strength of the distributive movement. The principles of this school of coöperators are stated in their monthly organ, *Labor Copartnership,* as follows: "We advocate the copartnership, that is the equal partnership, of labor with capital, the system under which, in the first place, a substantial and known share of the profit of a business belongs to the workers in it, not by right of any shares they may hold, or any other title, but simply by right of the labor they have contributed to make the profit; and in the second place, every worker is at liberty to invest his profit, or any other savings, in shares of the society or company, and so become a member entitled to vote on the affairs of the body which employs him." This

[1] Walker, *Political Economy,* p. 349.

definition of labor copartnership, it should be noted, is wide enough to include a great many profit sharing, as well as coöperative establishments.

The advantages and disadvantages of this form of profit sharing have already been discussed. There are, however, certain objections to be made to the labor copartnership plan as applied to the coöperative movement. In the first place, it is extremely doubtful whether, in spite of the recent comparative success of these establishments, coöperative enterprises furnish a safe investment for the hard earned savings of workingmen. Of even more serious importance is the danger that, in a copartnership plan in which the employees hold anything like a controlling interest, they may, in order to save the concern from failure, be obliged to reduce wages, "so entailing consequences most seriously prejudicial not alone to themselves but also to workmen in the trade generally."[1] Nevertheless, the development of industrial coöperation along copartnership lines is at present the most interesting and important phase of the coöperative movement, and is full of promise of future betterment.

(c) *Coöperation as a Solution of the Labor Problem:* No extravagant hopes, however, should be placed upon the principle of coöperation as a solution of the labor problem, for its advantages will always be limited by the impossibility of reconciling the opposite aims of the two varieties of association. Up to the present time, moreover, the greatest actual accomplishment of coöperation has

[1] Schloss, *Methods of Industrial Remuneration*, p. 363.

been the substitution for one profit maker of many profit makers, which, as Mrs. Webb says, "is not a step forward in the moralization of trade." Indeed, "what the co-operative movement has done is, in the main, not to make it possible for workmen to be their own employers, but to enable a large number of workingmen to become the employers of a small number of workingmen."[1]

(1). *Weakness of Consumers' Coöperation:* Even when most successful, consumers' coöperation has done little, and is capable of doing little, towards a solution of the problem of capital and labor. A coöperative store enables its members to use their wages to better advantage, but it is utterly incapable of raising wages, or of improving conditions of employment. In the settlement of all questions concerning wages, hours or labor conditions, coöperative consumers must rely upon trade unions. Successful consumers' coöperation does, it is true, provide the basis of capital and market for the safe establishment of productive departments. When such enterprises are undertaken, however, it is in the interests of the consumers and not of the producers, and they merely serve to bring out clearly the essential antagonism between consumers' coöperation, which profits by low wages, and producers' coöperation, which profits by high wages. The antithesis between the interests of the individual as consumer and as producer is one of the most difficult problems of a competitive order, and in it lies the greatest weakness of capitalistic coöperation.

[1] Schloss, *Methods of Industrial Remuneration*, p. 8.

Moreover, consumers' coöperation is not only incapable of raising wages, but its advantages may be used as an excuse to lower them. Thus employers in Great Britain have again and again "pleaded before arbitration boards and argued in conferences with the men that the cheaper cost of living brought about by the coöperative system is a sufficient reason for lowering wages." As has been well said: "It is the trade union, and trade union alone, that enables the workers to retain the dividend, or discount, of the 'Coöp. shop', or to secure the full advantages of the lowered price and improved quality of the commodities."[1] Obviously, if the coöperative store can not prevent wages from falling in proportion as the cost of living falls, this fact constitutes a weighty objection to such stores wherever trade unionism is weak.

It is also obvious that, as the dividends under this form of coöperation are distributed in proportion to purchases, the chief advantage goes to the largest consumers,—to the comparatively prosperous, and not to those who are in greatest need of the benefits to be derived. Consumers' coöperation, consequently, exerts no equalizing force whatever, but effects a saving for each member in proportion, practically, to income, and leaves all inequalities of wealth as between members precisely as it found them. Some advantage, it is true, is gained over outsiders, but usually where working class coöperation is successful, middle class coöperation is also successful, and in substantially the same degree.

[1] Potter, *The Coöperative Movement in Great Britain*, p. 196.

It is claimed, moreover, that the coöperative stores of Great Britain do not now, in the height of their commercial success, reach the very class of people among whom they originated. In their prosperity, indeed, they have shaken off the poorer, and attached to themselves the more well-to-do of the laboring population, and have served, not as a lever to raise the working class as a whole, but as a bridge over which picked members of the working class may pass into the middle class. The growth of the English Wholesale Society, too, has brought out clearly one of the greatest dangers of the movement, the development of "a reign of autocracy under the guise of democracy,"—"the disease of all monopolies and centralized bodies." Competition, moreover, has sprung up between coöperative societies. In Rochdale, for instance, a new society rivals the Equitable Pioneers, "and the war between the two coöperative stores is much more intense than between the coöperators and the competitive traders."[1]

While consumers' coöperation is, then, a useful and cheap method of distribution, and is capable, if rightly applied, of providing a substantial benefit to large numbers of the working class, the notion that it can solve the labor problem is utterly chimerical. The leaders of the movement, indeed, have never rested satisfied with the somewhat disappointing results of buying and selling commodities in stores, but have looked inevitably to the

[1] Parsons, "The Rise and Progress of Coöperation in Europe," *Arena*, Vol. 30, p. 32.

less practical but more ambitious scheme of producers' cooperation as the ultimate ideal.

(2). *Weakness of Producers' Coöperation:* While, however, consumers' associations are practically powerless to improve labor conditions, including wages and hours and, in general, the whole field of trade union activity, producers' associations are powerless to remove the evils of competition. They are, indeed, especially when they are possessed of only a limited capital and have a membership absolutely dependent upon steady work for daily bread, extremely apt to underbid competitors in order to obtain work. Thus prices are lowered and a ruinous competition sets in.

Moreover, associations of producers are essentially antidemocratic in structure, and are, in essence, merely profit seeking societies. Their interests are directly opposed to the interests of the community as a whole, and if they once became general, society would either be divided into small, self-governing circles of producers engaging in bitter competition within industries, or would be split into a series of monopolies, each controlling a certain industry, and each representing to all the others the antagonistic interests of the producer as opposed to the consumer. The American Society of Equity, for instance, states that the success of its plan, which will be assured when it has a million members, will mean the control of the markets of the world by the farmers; "and they can be trusted to feed the world at fair prices. But should the fair prices be refused they can starve the world by with-

holding their produce." The farmers would themselves, of course, determine what should be "fair prices."

The danger from coöperative monopoly is, however, remote; and, at present, any progress in the direction of true workingmen's coöperation, either consumers' or producers', is to be welcomed. Though coöperation in this country has been retarded by the great number of failures, due largely to premature and ill-considered efforts, it is highly probable that the movement is destined to attain greater prominence than ever before in the near future. As in England, however, the benefits to be derived are limited by the possibilities of the two varieties of coöperation, the one which gives the profits to the purchaser, but can not raise wages, and the other which gives the profits to the producer, but can not prevent the action of a cut-throat competition.

REFERENCES: One of the most valuable general works upon the subject of coöperation is *The Coöperative Movement in Great Britain*, by Beatrice Potter, which was published in 1891. Though older, *The History of Coöperation in England*, by George Jacob Holyoake, is still interesting reading, while Mr. Holyoake's other works upon the subject may profitably be used for more minute study. The only authoritative work covering the general subject of coöperation in the United States is the *History of Coöperation in the United States*, a series of monographs by Johns Hopkins students, published in 1888, as one volume of the *Johns Hopkins University Studies in Historical and Political Science*. The reader is also referred to *Getting a Living*, by George L. Bolen, "Coöperative Industry," pp. 67-96; and to Professor Frank Parsons' two articles on "The Rise and Progress of Coöperation in Europe," and "Coöperative Undertakings in Europe and America," published in the *Arena*, Vol. 30, pp. 27-36 and pp. 159-167.

SUPPLEMENTARY READINGS:

1. Consumers' Coöperation:
   (*a*) Bemis, "Coöperative Distribution," *Bulletin of the (United States) Department of Labor*, No. 6, pp. 610-644.
   (*b*) Wright, *A Manual of Distributive Coöperation*.
   (*c*) Pizzamiglio, *Distributing Coöperative Societies*.

2. Producers' Coöperation :
   (*a*) Jones, *Coöperative Production.*
   (*b*) Gide, "Productive Coöperation in France," *Quarterly Journal of Economics,* Vol. 14, pp. 30-66.
3. Labor Copartnership :
   (*a*) Lloyd, *Labor Copartnership.*
4. Coöperation and Trade Unionism :
   (*a*) Webb, "The Relationship Between Coöperation and Trade Unionism," *Problems of Modern Industry,* pp. 192-208 (1902 ed.).
5. Economic Basis of Coöperation :
   (*a*) Hadley, *Economics,* pp. 370-384.
   (*b*) Walker, *Political Economy,* pp. 341-351.
6. Recent Phases of Coöperation in England :
   (*a*) Wolff, "Progress and Deterioration in the Coöperative Movement," *Economic Review,* Vol. II, pp. 445-459.

CHAPTER XI

INDUSTRIAL EDUCATION

The need of an adequate system of trade education has been brought to the front by the gradual decay of the apprenticeship system, by the increasing importance of manufacturing industry as compared with agriculture, and by the rapid advance made in world commerce by those nations that have provided the best opportunities for the acquisition of skill and efficiency in manual occupations.

The importance of industrial education can not be overestimated. From the employers' point of view efficient workmen, foremen and superintendents are absolutely necessary for successful competition in the world's markets. It is evident to all farsighted persons that the increased progress and productivity of industry are, now as always, dependent upon four factors, (a) the manual skill and dexterity of the workmen, (b) the taste and mental resourcefulness of the workmen, (c) the improved organization of industry, including the division of labor, and (d) the invention of labor saving devices. Though these factors may change from time to time in relative value and may vary from industry to industry, they are

all, to a greater or less degree, dependent upon the technical education of the working force.

From the laborers' point of view trade education is even more vital. Increased productivity brings to the workmen, if not a larger share, at least a larger absolute amount of the total product of industry. Other things being equal, when greater skill and improved methods increase the product, the workers may demand higher wages and shorter hours while, at the same time, they are benefited as consumers by lower prices. Thus gradually the standard of life tends to rise with an increase in the productivity of industry.

Perhaps the most important result of thorough training to the skilled workmen, however, is the greater power and effectiveness of organization, though in this very fact is found the root of the most serious objection ever made to the wide diffusion of trade education. It is maintained that, in certain industries, the strength of the union lies in the comparative scarcity of the skill which its members possess, and in the union monopoly of that skill. If efficient technical education were more general, competition, it is said, would be greater, the trade could not be so thoroughly organized, and the union would be less able to enforce a standard of hours and wages. To this objection it may, however, be answered that, as the strength of the trade organization is based on the skill of its members, it is absolutely essential to maintain the standard of efficiency of all recruits and, if that standard is raised, the power of the organization is, in the long run, increased

instead of diminished. There should be an advance all along the line and the unions of skilled workers should, in the competitive struggle, be keen to seize upon a new point of vantage as they leave the old one to a lower grade of laborers. Finally, it is obvious that any policy which restricts skill in either degree or diffusion must in the end be suicidal, as are all retrogressive measures. Workingmen, as individuals and as a class, have nothing to lose and everything to gain through improved methods of industrial education.

1. *The Decline of the Apprenticeship System:* The supremacy of the gild organization of the Middle Ages was rooted in the practical efficiency and the strict exclusiveness of the apprenticeship system of trade education. Originally the indentured apprentice became a member of the family of his master, who was responsible for his general well-being and his morals, as well as for his education. No gild member could instruct more than the allotted number of regularly bound apprentices and no person could exercise a trade unless he had served an apprenticeship of seven years therein. Under this system a thorough education was usually acquired, and the apprentice normally advanced through the stage of journeyman to that of master.

Gradually, however, with the growth of capitalist methods in industry and, later, with the introduction of machinery and of large scale production, the apprentice system lost its original character. In many industries it became customary to employ excessive numbers of ap-

prentices, who were dismissed at the end of their term, thus giving rise to a permanent class of journeymen. Apprenticeship, in other occupations, was shortened or abandoned altogether, while in still others it was transformed into child slavery. The training of the apprentice became almost universally subordinate to the productive value of his labor. Finally, discontent with the system, which, with the laboring class of England, had taken the form of a desire for further legislation, led to an agitation among the manufacturers for the abolition of all restriction. In 1814 the Statute of Apprentices, which, in the reign of Elizabeth, had crystallized into law the important features of the gild custom, was repealed. Apprenticeship, since the abandonment of legal regulation, has become merely a trade custom, or system of education, varying with the needs of different industries, and with the strength of labor organizations.

In the United States the apprenticeship system was common until after the Civil War, when the régime of the large contractor brought with it an increase in the number of low paid "helpers" who took the place of apprentices. Employers gradually became less willing to undertake the responsibility of training boys; the children themselves became more independent and less ready to submit to restraint; and modern industries arose with less necessity for a protracted period of initiation, and with no traditions or habits of trade education.

Legislation in the United States has never attempted to control the conduct of industry, but has been designed

to safeguard the interests of both parties to a legal contract. Several states have laws regulating the trade of barbers, horseshoers and plumbers, and incidentally prescribing a certain term of apprenticeship, from two to four years. The apprenticeship laws proper, however, are old and practically obsolete. They relate to the persons who may be apprenticed, usually minors; to the persons who have authority to bind them out, parents, guardians and officers of the poor; to the term for which they may be bound, generally until twenty-one years of age; to unlawful acts affecting apprentices, such as enticing or assisting to run away; and to the duties of the master towards the apprentice, which are usually to give him an education, to furnish him with certain articles, and to teach him the trade.

During the past century labor unions have attempted, though with little success, to take up the work of the gilds in the regulation of trade education. The two main objects of the gild regulations, the complete education of the apprentice and the protection of the labor market, have been attained, however, only in industries in which the trade union has held undisputed sway. With the transformation of the employer from a skilled craftsman into a mere entrepreneur the education of the apprentice fell wholly into the hands of the journeyman. There was no pay for teaching and no responsibility; the journeyman was often on piece work which required his utmost exertions; and if the apprentice showed himself competent in the work he displaced his teacher at lower wages.

Under these circumstances the tendency has inevitably been to give the apprentice only the menial tasks of the shop and leave him to pick up the trade as best he can. Moreover, the competitive demand for cheap labor regardless of efficiency, especially in contract work given to the lowest bidder, has frequently tempted half-taught apprentices to sacrifice their trade education to an immediate increase in wages. Thus apprentice labor has come to mean merely cheap labor. The conditions of modern industry are, for the most part, too strenuous to allow of any serious attempt at the education of boys in the shop.

As for the protection of the labor market, the unions have found this also impossible. Machines which can be managed with a few hours' or days' practice have in some trades made automatons of men. Moreover, the introduction of labor saving machinery has doubtless been accelerated by the inefficiency of the journeymen trained under the slip-shod methods of the modern workshop. In some trades immigration has paralyzed the efforts of the unions, while in others fraudulent "schools," which pretend to give thorough training in a phenomenally short time, have thrown upon the labor market large numbers of superficial workmen.

Regulations concerning apprenticeship are commonly found among union rules, and in the well organized trades, as in stone-cutting, brick-laying and carpentry work, they are enforced in all union shops. Usually it is required that apprenticeship must begin before the age of fourteen or fifteen, and in some cases an upper limit

of from eighteen to twenty-one is set. The term of apprenticeship required is commonly three or four years, and the usual ratio of apprentices to journeymen is one to ten, though occasionally a ratio as low as one to fifteen is named, and the ratio of one to five is said to be the commonest among those actually enforced by local unions. Not infrequently the number of apprentices allowed by the union is greater than the masters care to take. Though in some cases these rules may have prevented boys from learning the trade, it is generally child labor rather than true apprenticeship which has been affected, and the disappearance of apprentices is to be attributed rather to the indisposition of the masters to undertake their training than to any trade union rules. The apprentice question gives rise to strikes only when so-called apprentices "are employed in part or wholly as substitutes for or in sharp competition with skilled labor." In ordinary years, however, only about one strike in three hundred is caused by disputes relating to the apprenticeship system.

Another cause which has contributed largely to the decline of the apprenticeship system in this country has been the fact that the American boy has been unfitted by the purely literary training of his public school education to engage in any manual calling. The employer is confronted, not only by the expense and trouble of training apprentices, but by the unwillingness and unfitness of the native born to learn a trade. As a result, employers have found it more profitable to import foreigners edu-

cated in Europe than to train apprentices. Within recent years this tendency has been checked by the contract labor laws, but the impression still prevails in many quarters that Europe is a never ending source of supply of educated, skilled workmen, while it is forgotten that, as a general rule, the foreign laborers who come to this country are not likely to be as skilled as those who remain in the country where they were educated and contribute to its industrial success.

2. *Present Status of Apprenticeship:* The Twelfth Census for 1900 returns 81,482 "apprentices" and "apprentices and helpers" in sixteen trades and "other miscellaneous industries." Only 2.45 per cent. of all the persons engaged in these occupations, however, were "apprentices" or "apprentices and helpers," the highest proportions being 5.70 per cent. among the "plumbers and gas and steam fitters," 5.86 per cent. among the "machinists" and 6.72 per cent. in "other miscellaneous industries." If these figures are to be trusted, in no trade does the number of apprentices and helpers reach the proportion allowed by the strictest unions, which is about 7 per cent., while the usual allowance of 10 per cent. appears decidedly liberal. In general, the unions have in the past favored the apprenticeship system and frowned upon industrial education in schools. This attitude, however, seems to be changing, and recently several trade schools have been started under the auspices of labor unions.

Probably very few, even of those classified as apprentices, are legally indentured. In 1886 the New York

Bureau of Statistics of Labor found that in the four trades, printing, machinists, carpenters, and plumbers, only about 3 per cent. of the apprentices replying to the question were legally indentured. In general, the true indenture is rarely used except in charitable and reformatory work, though in a few industrial schools articles of indenture are required of pupils. Sometimes, too, among the glassworkers, apprentices are indentured for three years to union journeymen, while in Boston, by the agreement of 1899 with the Bricklayers' Union, apprentices are regularly indentured.

Several large establishments in this country maintain a systematic apprenticeship, though the methods of instruction differ radically from those of the old system. The Baldwin Locomotive Works of Philadelphia, and the Brown and Sharpe Manufacturing Company of Providence, for instance, have placed their apprentices in charge of special instructors, who keep them at each operation until it is thoroughly learned. In both these establishments the apprentices are indentured and are required to attend evening schools. The Baldwin Locomotive Works alone employ more than one thousand apprentices. The Wanamaker department store in Philadelphia also has a system of business education which is similar to an apprenticeship, though there is no indenture, and the methods are in some ways more comparable to those of a school. Certain features of the Wanamaker method have been adopted by stores in other cities. The Midvale Steel Company of Philadelphia has a system of inden-

tured apprenticeship and pays the Franklin Institute for the night instruction of its apprentices.

Among the locomotive engineers, the term apprentice is utterly unknown, but the service as fireman, which usually lasts about three years, corresponds roughly to an apprenticeship. In other branches of the railway service, apprentices receive little or no special instruction, and technical education is seriously needed.

The great majority of apprentices begin work between the ages of fourteen and eighteen. An investigation in Wisconsin in 1888 showed that of 538 journeymen, 44 had entered the trade between the ages of nine and thirteen, 311 between fourteen and eighteen, 89 between eighteen and twenty-one, and the rest at twenty-two years of age or over. The term of apprenticeship varies considerably in different industries, but from three to five years may be said to be the usual period.

As for the education of apprentices, the universal testimony is that the instruction given in the ordinary shop is wholly inadequate, and that apprenticeship tends constantly to degenerate into child labor. In the Wisconsin investigation before mentioned it was asked whether the apprentices received proper encouragement from the employers and from the journeymen. The replies may be classified as follows:

	No	Yes
From the employers	233	130
From the journeymen	188	146

The answers of trade union officials to the questions of

the New York Commissioner of Labor showed that in twenty-nine trades the boys were not taught all branches, in sixteen they were taught all branches, and in eight trades they were sometimes taught and sometimes not.

Nevertheless, although apprenticeship appears to be a dismal failure so far as broad trade education is concerned, in certain occupations the qualities of workmanship, especially rapidity, which are a necessary part of a thorough technical training, can not be attained without a more or less extended experience in actual shop work, and the term of this experience is usually called an apprenticeship. In many cases these so-called apprentices may, however, have received previous training in a trade school or be receiving supplementary training in a continuation school at the time of employment. Apprenticeship, then, holds its own successfully in certain industries, though even in those trades in which it is most successful there is a tendency to recognize the need of a thorough theoretical training as supplementary to shop work.

3. *Industrial Education:* In a broad sense apprenticeship is a system of industrial education, but the latter term has come to signify a method under which, instead of the subordination of education to production, production is subordinated to education. In other words, the idea of some sort of school organization is associated with the term industrial education.

Several classes of institutions which give to their students more or less mechanical skill must be excluded from the rigid definition of industrial schools. There

were in the United States in 1903, for instance, some sixty-five Agricultural and Mechanical Colleges, with an enrolment of 47,047, most of which belong to the category of colleges or professional schools. In several of the agricultural colleges, however, notably those of Minnesota and Wisconsin, the realization that comparatively few of their graduates "have returned to the farms, but many of them are found in the management of our manufacturing industries," has led to the establishment of short winter courses in agriculture, designed especially for practical farmers. These courses, and also the dairy schools, are examples of true industrial education. Other so-called agricultural colleges offer instruction of a purely industrial character, as in the case of the colored Agricultural and Mechanical College at Greensboro, North Carolina, in which the leading mechanical trades are taught in four year courses. Clemson College, also, in South Carolina, has a textile department, added in 1898, which is equipped with a full line of cotton-mill machinery, and similar departments were established in 1899 at the North Carolina College of Agriculture and Mechanical Arts and in 1900 at the Mississippi Agricultural and Mechanical College.

Other institutions which are excluded from the rigid interpretation of the idea of industrial education are the great technical colleges, which give education of a professional rather than of an industrial character, and the manual training schools, which use the manual as an aid to the intellectual, and do not prepare the student

specifically for any trade. Nevertheless, the institutes of technology are important as the earliest efforts in this country for education of an industrial character, while the manual training high schools are a distinct American type, and bid fair to overcome the objection previously made that a public school training tends to unfit boys for manual callings. Moreover, the need of to-day is said to be not so much for specialized skill as for that general intelligence and broad training that will enable the workman to pass with a minimum of inconvenience from one occupation to another, and this general intelligence and broad training it is the aim of the manual training school to supply. Up to the present time, however, the graduates of these schools have seldom become mechanics.

The true industrial schools, those which give practical trade instruction, are divided, in the Seventeenth Annual Report of the United States Commissioner of Labor on Trade and Technical Education, into three classes, (a) trade schools, (b) technical schools, and (c) schools of industrial drawing and design. Of these the schools of industrial drawing and design were the earliest, for it was in the application of art to industry that apprenticeship first showed its weakness. Gradually, however, the technical or continuation schools, and later the true trade schools, appeared.

4. *Trade Schools:* The trade school is a direct substitute for apprenticeship and aims to give the pupil a thorough practical knowledge of some handicraft, graduating him fully equipped except as to speed, which is more eas-

ily acquired under ordinary working conditions. In its simplest form the instruction of the trade school "is confined entirely or chiefly to the workshop, and consists in perfecting the pupil in the practice of the manipulations and operations of skilled workmen at particular trades."

There are, however, two types of schools, those which, like the New York Trade School, give short, intensely practical courses, and those which, like the Williamson school, near Philadelphia, and the two San Francisco trade schools, give thorough instruction extending over four years and covering in theoretical work substantially the same subjects as the manual training high schools, "with special adaptation in the last half of the course to the particular trade which the pupil is learning." The latter type is the newer and undoubtedly the more thorough, but it can scarcely supply the place of the short term trade school, because of its long postponement of the practical results which are so much in demand. The training of the long course schools "is expected to insure rapid advancement beyond the grade of journeyman."

The principal occupations for which trade schools have been established are the building and mechanical trades, barbering, brewing, dairying, dressmaking, tailoring, millinery, domestic science, textile manufacture and watchmaking.

The New York Trade School, founded by Colonel Richard T. Auchmuty in 1881, is the largest and most thoroughly equipped exclusively trade school in the United States. The courses include electrical work, pattern mak-

ing, plumbing, printing, bricklaying, carpentry, house, fresco, and sign painting, drawing, blacksmithing, steam and hot water fitting, plastering, and cornice making. This school has no European prototype, though it was established after careful study of foreign experience. In the day classes four consecutive months are necessary to complete the course, while in the evening classes a much longer time is required. The system of instruction employed is known as the "Auchmuty system," and combines the practical and theoretical "so that not only is skill quickly acquired, but the scientific principles that underlie the work are also studied."[1] This system has been remarkably successful and has been adopted in a few courses in other schools, notably Pratt Institute in Brooklyn and St. George's Evening Trade School in New York.

There are many other schools which give courses in the building and mechanical trades, the most important of which are the Williamson Free School of Mechanical Trades of Philadelphia, the California School of Mechanical Arts and the Wilmerding School of Industrial Arts, both of San Francisco, the Baron de Hirsch Trade School of New York City, and the Hebrew Technical Institute, also of New York City. Nearly all of the numerous industrial schools for the white and colored races, which are scattered through the South, give instruction in these trades.

[1] *Seventeenth Annual Report of the (United States) Commissioner of Labor*, p. 25.

It is generally agreed that, in the building and mechanical industries, "the trade school alone can not make a first-class mechanic, as the usual period of instruction in such schools does not admit of sufficient practical work to enable the student to acquire that dexterity and tact which are essential. The best results are obtained when shop training is supplemented by such technical training as is given in the evening trade schools. This system it is said enables the student to apply the principles he is studying to the conditions and difficulties encountered in his daily work and he has a better appreciation of their value, and consequently takes more interest in his studies."[1] Nevertheless, it is also agreed that a general knowledge of the theory of the trade, especially plumbing, can not be acquired outside of a trade or technical school.

Barber schools have been established exclusively as a short cut to the trade, and are not generally considered satisfactory. It is claimed that the time required for graduation is entirely too short and that the practical instruction is too meager. In spite of the opposition to existing schools, however, it is believed "that schools properly conducted and offering a course of training of two or three years would be of benefit to the trade."

Brewing schools, on the other hand, are universally approved by employers and graduates, and are the best, if not the only, places where a thorough technical knowledge of the trade can be acquired. These schools grew out of a

[1] *Seventeenth Annual Report of the (United States) Commissioner of Labor*, p. 371.

distinct need within the industry for more exact scientific knowledge of the processes involved in brewing. As a rule, only those who have had experience are received as students and the scheme of instruction presupposes familiarity with the practical work of the brewery. These schools have been of marked benefit both to the industry and to the students themselves. With the knowledge of scientific methods many radical improvements in production have been introduced, which have eliminated guesswork, have made use of materials formerly thrown aside, and have improved, not only the quality, but also the quantity of the product. Graduates of the schools are in great demand, are always preferred by employers, and receive from 25 to 50 per cent. higher wages than others. There are four brewers' schools in the United States, two in New York City, one in Chicago and one in Milwaukee.

The dairy schools are all connected with colleges of agriculture and mechanic arts. The first one was established in connection with the agricultural college of the University of Wisconsin in 1891, "in the belief that a school in which butter and cheese making should be taught would be of great value to the dairy industry, and consequently greatly benefit the farmers." Appropriations for dairy schools in Iowa and Minnesota were made in the same year, and in 1900-1901 there were 1,402 students in attendance in thirty-five schools. In nearly all cases a certain amount of actual experience in a creamery or cheese factory is a prerequisite for instruction, and the graduates are usually employed as superintendents of

creameries. Dairy schools are said to have caused the creamery industry to grow within a decade to proportions which it would normally have taken many years to reach, and the graduates of these schools are always preferred by employers, and receive from 20 to 50 per cent. higher wages than non-graduates.

The industrial education of girls is provided for by a large variety of schools of dressmaking, millinery and domestic science. In many cities such instruction is carried on by the Young Women's Christian Association, but work of a more ambitious character is found in Pratt Institute, Brooklyn, Drexel Institute, Philadelphia, and Armour Institute, Chicago. These three schools have had a great influence upon the work elsewhere, as their graduates have generally become teachers. In Boston the Women's Educational and Industrial Union was a pioneer in this class of instruction, and in the South there are many girls' schools which are doing valuable work along this line. In New York City the Manhattan Trade School for Girls, with day and evening classes in machine operating, upholstery, hand-sewing, and the pasting of artificial flowers and boxes, began its work in the fall of 1902, and in the same year it was decided to add technical instruction in trades to the curriculum of two of the girls' high schools.

The general testimony is that "girls who have graduated at training schools for domestics do better work and more of it in a given time than those who have not had such training, and they do not require constant over-

sight." In the dressmaking trade it is said that in ordinary work the graduates of schools have little or no advantage, but in the art of cutting and fitting they are far superior. No apprenticeship is usually required of school graduates, who receive higher wages, steadier employment and more rapid promotion than others. The graduates of millinery schools are also preferred by employers.

The textile schools give in their longer courses, which extend over four years in the day classes, the most thorough scientific and technical instruction. These schools are a direct effort to foster the textile industries of particular localities through education, and they represent the most important instance in this country in which trade schools have received governmental aid. The earliest was the Philadelphia school, which was opened in 1883, and is an outgrowth and a department of the School of Industrial Art. The state of Pennsylvania has contributed liberally towards its support, though it was established and equipped by the manufacturers of Philadelphia. Lowell, New Bedford and Fall River, Massachusetts, also have textile schools, supported partly by the state, and partly by the municipalities. These schools have both day and evening classes, the latter intended for those actively engaged in the industry, and adapted to their needs. This training for actual operatives might be almost indefinitely extended. In New Bedford, Massachusetts, is located the American Correspondence School of Textiles, which is rather a technical than a trade school,

as it is designed to supplement the work of persons regularly engaged in textile mills. The special training offered by these schools has been a benefit both to the industry and to the graduates, especially in the manufacturing branches. It requires, however, about four years' practical experience to become a competent workman, and though this time can be shortened by the school training it can not as yet be done away with.

Schools for watchmakers and engravers owe their existence to the great subdivision of labor in the factories, and to the need for better and more thoroughly equipped workmen. The principal schools are the Waltham Horological School of Waltham, Massachusetts, and the Horological School of Bradley Polytechnic Institute of Peoria, Illinois. Though these schools have had little effect upon the industry as a whole, in the repairing branch school trained men are recognized as doing more and better work, and they receive from 10 to 50 per cent. higher wages than those who have had no school training.

5. *Technical and Art Schools:* Technical or continuation schools are designed to meet the needs of workers already engaged in trades. In the simplest form of technical school the instruction is limited to the school room or the laboratory, and the tools and machines are used by the instructor only for the purpose of clearly illustrating the application of the theoretical and scientific teaching to the particular trades. The purpose is to give to workmen an understanding of the scientific principles involved in their work. Most of these are evening or cor-

respondence schools, though some of them have daily sessions during the dull season in the trade.

Though this is one of the oldest types of industrial school, the need for such education seems to have been within the last few years more keenly felt than ever before, as is shown by the rapid growth and success of the Young Men's Christian Association classes and of the correspondence schools. The former have about six thousand pupils, while the latter claim an enrolment of more than three hundred thousand. The most notable examples of the older schools are the Spring Garden Institute, Philadelphia, the School of the General Society of Mechanics and Tradesmen, New York, and the Newark Technical School. Among the more recent schools having courses of this character are the Drexel Institute, Philadelphia, and the Athenaeum and Mechanics' Institute of Rochester, New York.

One serious objection to these technical schools designed for workmen already engaged in their trades is that they are usually obliged to carry on their instruction in evening sessions after the day's work is done and when the student is already tired out mentally and physically. "He comes more or less worn out by his day's toil, and he reaches home long after his usual retiring hour, practically exhausted. His mind can not be alert with his body in a fagged-out condition, and hence this class of instruction is at once a great hardship and, in comparison with day schools, it is of relatively little profit. Men who are engaged in any kind of actual manual labor through

the day are greatly handicapped in their attendance upon such schools. They are most valuable for clerks, bookkeepers, draftsmen and the like. They can never become a very substantial element in the technical education of the industrial classes.'"[1] Moreover, such schools are frequently poorly taught. Nevertheless, they represent the only opportunities open to a large body of wage earners.

Correspondence schools are aimed to meet the needs of those who are debarred by circumstances of locality or time from attendance at night school, but who are embitious to acquire theoretical knowledge along the line of their work. They appeal particularly to mechanics and apprentices in trades which require more theoretical knowledge than can be acquired in the daily routine. The success of this method depends largely upon the subdivision of the subject into many short and simple parts which are sent to the students in a fixed order. These courses are adapted to the needs of all grades of workmen. Though only a small proportion of the students keep on long enough to complete their course, which takes usually five or six years, there are many cases in which this system of instruction has enabled students to advance from the lower to the higher branches of a trade, or to change from one occupation to an entirely different one. Some of the correspondence schools, however, are mere money making schemes, and their instruction is practically worthless.

[1] *Report of the (United States) Commissioner of Education*, 1901, Vol. I, p. 224.

The schools of industrial drawing and design furnish instruction in freehand and mechanical drawing and in design applied to various industries. A good deal of attention is usually given to the study of the processes of manufacture, and of the materials used. There are three main types of these schools, (a) the simplest type represented by evening classes in industrial drawing such as those of the public schools of Massachusetts and Franklin Institute of Philadelphia, (b) the schools of art and design, such as Cooper Union of New York and the Maryland Institute of Baltimore, and (c) the schools of design exclusively, such as the Lowell School of Design of Boston and the Philadelphia School of Design. Many of these are much older than the trade and technical schools, and several of them date back to the first half of the nineteenth century.

Both architectural and mechanical draftsmen who are graduates of schools speak in the highest terms of the benefits derived from their instruction. The art courses offered in this country are not, however, as good as those of the European schools, and the progress in form and art is not equal to that which has been made in other kinds of industrial and technical training.

6. *General Aspects:* Industrial education in the United States has never been thoroughly organized and correlated, as it is in several European countries, which have complete systems extending from the kindergarten up through manual training, trade and technical schools to the higher engineering and scientific institutions.

Moreover, governmental support and administration, which is the rule in Europe, is new and comparatively rare in this country. Progress has been made in the way of independent growth, but there is no coördination between the different classes of schools, nearly all of which are the result of private initiative and support. Nevertheless, the number of excellent trade and technical schools is increasing yearly, and already there are several, such as the New York Trade School, the Williamson and the San Francisco trade schools, Drexel and Pratt Institutes, the textile schools, and the New York Institute for Artist-Artisans, which compare favorably with any in Europe.

The problem of industrial education in the South, which is somewhat different from that in the North, owing to the presence of the colored race and to the high proportion of ignorant whites, has led to the establishment in that section of a large number of industrial schools. Most of these are small and many of them are poorly equipped, but all are doing their share towards the work of practical education. The schools for the colored race range in size from those having about thirty pupils to such institutions as the State Normal School for Colored Students in Montgomery, Alabama, with 865 pupils, and Tuskegee Normal and Industrial Institute, Tuskegee, Alabama, with 1,083 pupils, 619 of them taking the trade education courses. These schools are either partially supported by charity or are state institutions, frequently receiving Federal aid. They are eminently practical and are directly aimed to

enable their students to earn a livelihood. The Southern industrial schools for the white race are somewhat smaller than those for the colored race, and are fewer in number, but they also are partly charitable.

Industrial education is, on the whole, however, far more advanced in the Northern than in the Southern States. This is shown in the following table, which gives by geographical divisions the number of schools reported by the United States Commissioner of Education for the scholastic year ending June, 1902, as devoted chiefly to manual and industrial training, with the total number of pupils and instructors in the manual, industrial and technical training departments:

	Number of institutions	Number of instructors	Number of elementary pupils	Number of secondary students
United States.	168	1,559	18,199	31,070
North Atlantic division	55	648	5,981	19,577
South Atlantic "	21	121	1,591	1,856
South Central "	15	68	1,202	632
North Central "	45	490	5,580	7,570
Western "	27	237	3,845	1,935

Recently there has been a growing movement towards and sentiment in favor of public assistance for industrial education. This is displayed in the state and municipal aid given to textile schools and in the establishment of in-

dustrial departments and courses in the State Universities and Agricultural Colleges. There is also a considerable body of opinion which favors the increased use of Federal funds for trade education in the South. The fact that technical education is more expensive than any other kind is urged as an argument for public action.

Industrial education in schools is gradually superseding the apprenticeship system. In some trades this movement is rapid and in others it is slow. In some trades the graduate of the school can entirely omit shop apprenticeship, while in others the necessary apprenticeship can not at the present time be even shortened by such preparation. Much, of course, depends upon the school, its equipment, its methods and the practical character of its work. Some institutions send out graduates fully equipped and others do not pretend to furnish more than a preliminary training. The schools, however, are rapidly improving, and the broader basis of theoretical knowledge possessed by their graduates is sure to bring increased general efficiency, more rapid advance, higher wages and greater certainty of employment.

In conclusion, it should be pointed out that the need of the day is for greater skill instead of less, and this need will inevitably increase in the future. As industry becomes more and more highly specialized and systematically organized, the laboring classes must more and more follow the example of the professional classes and learn to work before they apply for employment. "The day of

mere muscle in industry has passed and the day of mind, with skill of eye and hand, has dawned.''[1]

REFERENCES: The principal authority relied upon in the preparation of this chapter has been the *Seventeenth Annual Report of the (United States) Commissioner of Labor*, 1902, on *Trade and Technical Education*, which contains a brief review of the subject, pp. 7-15, a description of trade and technical education in the United States, pp. 17-424, and a careful treatment of trade and technical education in the various European countries and in Canada. The *Eighth Annual Report of the (United States) Commissioner of Labor* was also upon *Industrial Education*, but this is now obsolete. The *Reports of the Commissioner of Education* contain a chapter devoted to manual and industrial training, and usually one devoted to recent statistics of the agricultural and mechanical colleges. The Bureau of Education has also issued a special report, prepared by Mr. Isaac Edwards Clarke, A. M., on *Education in the Industrial and Fine Arts in the United States*, of which Parts III and IV, entitled *Industrial and Technical Training in Voluntary Associations and Endowed Institutions*, and *Industrial and Technical Training in Schools of Technology and United States Land Grant Colleges*, bear in part upon the subject of this chapter. The *Report of the Massachusetts Commission Appointed to Investigate the Existing Systems of Manual Training and Industrial Education*, 1893, is also valuable.

SUPPLEMENTARY READINGS:

1. Apprenticeship:
   (*a*) *Third Biennial Report of the Wisconsin Bureau of Labor and Industrial Statistics*, 1888, pp. 165-188.
   (*b*) *Fourth Report of the (New York) Bureau of Statistics of Labor*, 1886, pp. 21-408. Passim.
   (*c*) *Fourth Report of the Minnesota Bureau of Labor*, 1894, pp. 126-382.

2. Industrial Education:
   (*a*) Bolen, *Getting a Living*, "Learning a Trade," pp. 299-329.
   (*b*) Pritchett, "Industrial and Technical Training in Popular Education," *Educational Review*, Vol. XXIII, pp. 281-303.
   (*c*) Dyer, "Industrial Training," *The Evolution of Industry*, pp. 185-209.
   (*d*) *Sixth Report of the Nebraska Bureau of Labor and Industrial Statistics*, 1898, pp. 593-719.

3. Higher Technical Training:
   (*a*) Walker, "Technological Education," *Discussions in Education*, pp. 3-111.

[1] *Bureau of Education, Education in the Industrial and Fine Arts in the United States*, Part IV, 1898, General John Eaton, p. 721.

(*b*) Schoenhof, "Higher Technical Training," *The Forum*, Vol. 31, pp. 561-575.

4. Attitude of Labor Organizations:
   (*a*) Bemis, "The Relation of Labor Organizations to the American Boy and to Trade Instruction," *Annals of the American Academy of Political and Social Science*, Vol. V, pp. 209-241.

[NOTE: See also "Trade and Technical Education in the United States," *Bulletin of the (United States) Bureau of Labor*, No. 54, pp. 1369-1417.]

CHAPTER XII

LABOR LAWS

Just as most industrial evils finally express themselves in terms of poverty, so most if not all the methods of improving the conditions of employment find a common expression in labor legislation. In the present chapter a brief review of the more important labor laws is given, in order to bring rapidly before the reader some of those methods of amelioration and betterment which have not been specially discussed in the preceding chapters of this book, and in order, more particularly, to call attention to the growing and significant movement to improve the conditions of the laboring classes by legislative enactment.

1. *Historical Development of Labor Legislation:* In order to appreciate the significance of this movement, it is necessary to refer briefly to the condition of affairs in Europe before the beginning of the nineteenth century. For many centuries preceding the industrial revolution, the conditions of labor had been minutely, and rather ungenerously, regulated by the state: labor was compulsory, and wages, hours of labor, and the proportion of apprentices to journeymen was fixed by statute or by officers of the law; in England, at least, the passage of the poorer laborers from parish to parish was very strictly guarded,

and the combination of laborers in strikes and trade unions was rigorously prohibited. The men who settled America brought to this country the social philosophy upon which this legal system was based, and at one time or another, most of the New England colonies attempted to fix wages by statute, or fined ambitious workmen for taking more than the legal rates.

Owing to the ease with which land could be obtained in the American colonies, laws designed to reduce the wages and opportunities of the working classes were foredoomed to failure, and the old system of state control never obtained any real foothold here. Even in Europe it began to break down in the eighteenth century, as the old industrial order yielded to the new. A class of employers arose to whom the old regulations were vexatious and burdensome. Mill owners, for instance, did not wish a seven years' apprenticeship for the women and children who were to run the cotton mules and the power looms. Under the combined assaults of Adam Smith, the physiocratic philosophy and the new manufacturing interests, the old doctrine of state control was replaced by a new ideal of economic freedom, the doctrine of *laissez faire*.

In the United States the new philosophy of freedom exercised a profound, and from the present standpoint, an even more lasting influence than in France or England. Coinciding so opportunely with the political demands and movements of the Revolutionary Period, it was not only welcomed with eagerness by the American people, but it was incorporated in the organic law of the state and fed-

eral governments, from which vantage ground it has conditioned and, in a negative sense, controlled all the labor legislation of the United States from that time to this.

In the constitutions of the federal government and of most of our commonwealths, certain vague phrases are to be found, to the general effect that no person shall be deprived of life, liberty or property except by due process of law, or, to cite typical phrases more to the point, (a) that "citizens may not be deprived of the essential and inalienable right to acquire, possess and protect property;" and (b) that "the legislature may not make any grant of special privileges or immunities to any citizen or class of citizens." These vague phrases have universally been interpreted to enunciate a *constitutional* right to freedom of contract and a *constitutional* inhibition of class legislation. The representatives of the people can not, in general, by anything short of an amendment to the Constitution of the United States, deprive an adult citizen of the freedom to buy and sell labor freely, or regulate the conditions of employment of any special class of the adult population, if in the opinion of the courts, the regulation might naturally and reasonably be applied to the whole population. Of course, this imperfect statement of the two doctrines does not exhaust the subject. The courts have been generous with the legislative branch of the government, permitting a large amount of class legislation, and extensive limitations of the freedom of contract, when such legislation and limitation seemed to them just and reasonable. But the presumption is al-

ways against class legislation, and always in favor of freedom of contract, and so strong are these presumptions, that American labor legislation is easiest explained and best understood as a collection of exceptions to these general rules. With these principles firmly in mind we can understand how the labor law has been enabled to go as far as it does, and why it has gone no further.

Although the doctrine of free contract was incorporated into the constitutional law of the United States and rapidly became supreme in English political philosophy, in neither country was it ever thoroughly enforced in practice. *Legislation in behalf of the employer was never followed by a period of non-interference in which the state merely kept the ring and let capital and labor fight it out; it has been succeeded instead by state protection of the working classes.* In 1802, before the statute of apprentices was formally repealed, the first child labor law was passed in England, having as its principal object the preservation of the health and morals of pauper children employed in cotton factories. From this humble beginning the protection of the state was gradually extended to "young people" and other textile industries (1833), then to women (1844), next to all large industries (1864), then to the smaller workshops generally (1867), and finally in 1878 blossomed out into a full-fledged factory act, regulating industry generally in behalf of the health and safety of the laboring population.

The development of the English law on labor combinations is even more significant. The old Combination Acts,

which made labor organizations positively criminal, were, it will be remembered, repealed in 1824. But for many years thereafter such combinations were negatively illegal: that is to say, the courts regarded them as agreements in restraint of trade, and refused to countenance them by enforcing their contracts or in any way extending to them the protection of the law. It was even believed that because of this taint, trade unions had no protection against the embezzlement of their funds by treasurers, secretaries and other administrative officers.

In the Trade Union Act of 1871 (as amended in 1876) the government turned its back squarely upon the old historical policy of disapprobation, and entered upon a policy of positive encouragement which scarcely has a parallel in the law of associations. Thereafter, no trade union was to be considered illegal merely because it was in restraint of trade, the funds of trade unions were afforded ample protection, and in return for the simple obligation of filing with the registrar of trade unions a copy of their by-laws and certain simple statistical statements, the unions secured the right to be represented by trustees, and through them to hold property, do business, and maintain suits at law concerning the property or claims of the union. On the other hand the unions were wholly relieved of the ordinary corporate responsibilities towards their own members, and the courts were forbidden to entertain suits concerning the breach of any agreement to provide benefits to members, etc. In short, trade unions were en-

dowed with most of the powers and few of the responsibilities of ordinary corporations.[1]

In the Conspiracy and Protection of Property Act of 1875, these special privileges were indefinitely expanded by a clause repealing the old law of conspiracy *in trade disputes between employers and workmen.* Combinations of tenants[2] and other parties might still be punished as criminal conspiracies even though the action which they performed would be perfectly legal when performed by an individual. But strikes, trade unions and labor boycotts were put in a class by themselves, and this special protection of the laboring classes sounds the keynote of labor legislation both in Great Britain and the United States during the latter half of the nineteenth century.

The movement has not been so uninterrupted and unequivocal in the United States, but even here the history of labor legislation is one long tortuous record of special protection to the working classes, secured by subtle limitation and frank disregard of the doctrines of free contract and class legislation. The movement began apparently about the third decade of the nineteenth century in the abolition of imprisonment for debt and the passage of laws giving mechanics and artisans a prior lien, covering the value of their labor, upon buildings constructed and work done by them. Educational legislation for minors was next adopted, Massachusetts passing a law for the

[1] An even more favorable status has been conferred upon trade unions by the law of 1893 exempting trade union funds from the payment of the income tax, and by an act passed in 1904, the detailed provisions of which I have been unable to secure.

[2] See the celebrated case of Queen *v.* Parnell, 14 Cox, C. L., 508.

instruction of youths in manufacturing establishments, as early as 1836; and this was quickly followed in a few other states by child labor legislation limiting the hours of labor of very young children employed in factories. The agitation for the legal limitation of the working day, particularly for women, was incessant in the more thickly populated states during the forties, and in 1849 Pennsylvania passed a ten hour law for women and children in six important factory industries. But in general nothing noteworthy was accomplished until 1866, when Massachusetts passed a typical child labor law; and three years later there was established in the same state, the first of those labor bureaus which have since been introduced with such useful results in most of the countries of the civilized world. In 1874 Massachusetts passed her famous ten-hour law, limiting the hours of labor of women and of all persons under eighteen years of age employed in manufacturing establishments, to ten per day. In 1877, the same state, which has paved the way for most American labor laws, passed an act for the inspection of factories, that has since been copied, with later amendments and amplifications, in about twenty-four states (in 1903).

2. *The Factory Acts:* The nature of the American factory acts is well described in the following quotation from Mr. F. J. Stimson's digest of American labor laws:

"In all, about half the States have so far passed what may be called a factory act — that is, laws for the regulation, mainly sanitary, of conditions in factories and workshops. These include most of the States which have

dealt at all by statute with the limitation of hours of labor; the New England States generally, New York, and the Northern Central and Northwestern States following its legislation. There are almost no factory acts in the South [Tennessee is an exception] nor in the purely agricultural States of the West, but these statutes are being passed rapidly, and, moreover, in States where they have already been enacted, are being amended every year..... The States adopting such legislation have usually created one or more factory inspectors, charged with the duty of seeing that the statutes are carried out, generally with powers to enter personally or by deputy, and to inspect all factories at any time. Accidents must be promptly reported to such inspectors. The most usual statutes are those making provision for proper fire escapes; or against the use of explosive oils, etc.; for the removal of noxious vapors or dust by fans or other contrivances; requiring guards to be placed about dangerous machinery, belting, elevators, wells, air-shafts, crucibles, vats, etc.; providing that doors shall open outward; prohibiting the machinery from being cleaned while in motion by any person (very many of the States provide that machinery shall not be cleaned by women or minors under a certain age); requiring mechanical belt shifters, etc.; requiring connection by bells, tubes, etc., between any room where machinery is used and the engine room; laws requiring a certain amount of cubic air space in factories (or other statutes to prevent over-crowding) and secure sanitary conditions generally; requiring walls to be limed or painted; laws providing specially for decency on the part of the operatives, such as laws requiring separate toilet rooms; laws requiring screened stairways or handrails on stairways. Finally, there are many statutes regulating the construction of buildings, providing for railings upon scaffolds, and for suitable scaffolds generally..... Employers are frequently permitted or required to ring bells and use whistles in towns and cities for the purpose of waking their employees, or giving them other notice."[1]

3. *Laws Regulating the Hours of Labor:* The gradual growth of the factory acts affords a striking illustration of the increasing tendency of the state to extend special protection to the working classes. Their introduction, however, was never seriously hampered by legal or constitutional difficulties, since they constitute a plain and unequivocal exercise of the police power—a social right inherent in the representatives of the people, arising out of the primal necessity of protecting the public health and safety, which is even more fundamental than the indi-

[1] F. J. Stimson in *Report of the Industrial Commission* (1900), Vol. V, pp. 100-101.

vidual right to buy and sell labor freely. The laws regulating the hours of labor, however, seem more inconsistent with the doctrine of free contract; and the manner in which the latter doctrine has been interpreted, modified and limited in order to admit of their enforcement, is extremely significant of the character and strength of the modern demand for the protection of the working classes.

These laws are of several distinct varieties. (a) Those regulating the hours of women and children have been discussed in Chapter II. The constitutionality of the child labor laws has never been questioned, since for certain purposes the state is supposed to occupy the position of guardian towards minors and other persons *non sui juris*, and is not only empowered but charged with the duty of protecting them.

(b) So also there has been no serious question of the constitutionality of the laws passed by many states, fixing the length of the legal working day *in the absence of special contract between the employer and wage-earner.* Many of these laws particularly provide that the employee is entitled to extra pay for over time, but they have proved ineffective for two reasons. First, the employee will be assumed to have impliedly contracted for a longer day, if such is the usual custom of the trade or of the employer in question; and secondly, *such laws can be utilized by a workingman only after he has thrown up his job and definitely determined to antagonize his employer. To be most serviceable all such laws must be preventive as well as remedial.*

(c). The federal government and about fifteen states have passed laws fixing the hours of labor—usually at eight per day—of laborers and mechanics employed by the government or by private contractors doing public work. Most of the state laws apply to municipalities, some of them prescribing merely the kind of contract which the municipality may make, others imposing a fine upon any contractor who works his men for longer time, except in cases of emergency. Such laws have been held unconstitutional in Ohio, Illinois, California, New York and probably in other states; but the Supreme Court of the United States has recently sustained the Kansas eight-hour laws, in a case involving all the features which in the adverse decisions referred to above, were deemed most objectionable and harmful. The decision of the Supreme Court[1] will not necessarily change the opinion of the

[1] This decision (Atkin *v.* Kansas, 191 U. S., 207) may be found in *Bulletin of the (U. S.) Bureau of Labor,* No. 50, pp. 177-181. The Kansas eight-hour laws not only fix the hours of labor, but provide that the prevailing rate of wages shall be paid, and impose a penalty of fine or imprisonment upon any public official or contractor violating these provisions. Under these laws, W. W. Atkin, a contractor working for Kansas City, was fined $100 by the Kansas courts, for requiring one George Reese to work ten hours a day at the current rate of wages. The Supreme Court sustained the whole proceeding, in the most unequivocal terms, declaring that municipal corporations are the creatures of the State, which may abridge, control or wholly destroy their powers; that whether such statutes are mischievous or beneficial is a question of public policy to be decided by the legislature; and that the contractor's freedom of contract was not in question: "It cannot be deemed a part of the liberty of any contractor that *he* be allowed to do public work in any mode he may choose to adopt, without regard to the wishes of the State. On the contrary, it belongs to the State, as the guardian and trustee for its people, and having control of its affairs, to prescribe the conditions upon which it will permit work to be done on its behalf, or on behalf of its municipalities. * * * And no contractor for public work can excuse a violation of his agreement with the State by doing that which the statute under which he proceeds distinctly and lawfully forbids him to do."

state courts, but it will undoubtedly exercise a great moral influence upon them, and encourage legislation designed to regulate wages and other conditions of employment upon public works. Thus the Court of Appeals of New York, since the Kansas decision, has reversed several earlier decisions by sustaining the right of the state to regulate the wages of persons employed directly by municipalities,[1] and in 1905 the people of New York will vote upon a proposed constitutional amendment, which has twice passed the legislature, giving the legislature power to fix all conditions of labor on public works, whether sublet to contractors or not. Several municipalities, it may be noted in passing, have attempted to accomplish the same ends, by ordinances requiring that public work shall be performed by union labor, or that certain supplies shall bear the union label, but these ordinances have uniformly been declared unconstitutional when questioned in the higher courts.

(d). Another method of limiting freedom of contract is illustrated in the laws passed in about fifteen states, which limit the hours of railway employees to ten or twelve per day, or provide that such employees shall not work more than twelve, fifteen or twenty-four continuous hours without an intermediate rest, usually of eight hours. So far as such regulations are plainly adapted and in good faith designed to protect the health and safety of the

[1] Ryan *v.* City of New York, 177 N. Y. Rep., 271. See *New York Labor Bulletin* for March, 1904, pp. 48-54.

general public, they constitute a perfectly valid exercise of the police power.

(e). But can the legislature regulate the hours of labor in private industries for the purpose of protecting, not the public health and safety, but the health and safety of adult workers in these occupations? First of all it may be said that the legislature cannot limit the hours of labor of adults generally, or in occupations where long continuous labor is neither dangerous nor unhealthful; and, accordingly, the Nebraska law of 1891 requiring double payment for all work in excess of eight hours a day except in the case of farm and domestic labor, was annulled by the Supreme Court of that state. But after a large number of seemingly adverse opinions, it has now been fully established that the legislature may limit the hours of labor of adult men in mines, smelters, bakeries and other occupations especially dangerous to the health of the employees.

This was settled by the Supreme Court of the United States in the famous case of Holden *v.* Hardy,[1] in which the Court recognized, to quote its own words, "that the law is, to a certain extent, a progressive science; * * that restrictions which had formerly been laid upon the conduct of individuals, or of classes of individuals, have proved detrimental to their interests, while, upon the other hand, certain other classes of persons (particularly

[1] May be conveniently found in *Bulletin of the (U. S.) Department of Labor,* No. 17, pp. 625-637. It should be noted that this decision is not binding upon the state courts; and the Supreme Court of Colorado has annulled a law similar to that upheld in Holden *v.* Hardy.

those engaged in dangerous or unhealthful employments) have been found to be in need of additional protection." And the court continued, after recognizing that such legislation is wholly in keeping with the ordinary factory laws protecting the life and limb of employees: "The legislature has also recognized the fact, which the experience of legislators in many states has corroborated, that the proprietors of these establishments and their operatives do not stand upon an equality, and that their interests are, to a certain extent, conflicting. The former naturally desire to obtain as much labor as possible from their employees, while the latter are often induced by the fear of discharge to conform to regulations which their judgment, fairly exercised, would pronounce to be detrimental to their health or strength. In other words, the proprietors lay down the rules and the laborers are practically constrained to obey them. In such cases self-interest is often an unsafe guide, and the legislature may properly interpose its authority."

Laws regulating the hours of labor in underground mines and smelters have since been passed in eight other states, and in Colorado a constitutional amendment has been adopted which authorizes general legislation of this kind. The New York ten-hour law of 1895 applying to bakers and confectioners, has just been sustained by the highest court of that state.[1] In New Zealand, it may be interesting to note, the factory acts were applied to adult

[1] People *v.* Lochner, 177 N. Y. Rep., 145.

men in 1901, thus making the compulsory eight-hour day universal among the laboring population.

4. *Regulation of Wage Payment:* The subtle legal devices which have proved so effective in limiting the hours of labor, have utterly failed when applied to the problem of wage payment; and a large number of laws, cordially endorsed by the most conservative economists and carefully designed to secure the prompt payment of wages or to protect wage-earners against company stores, have been annulled or emasculated by the rigid enforcement of the doctrines of free contract and class legislation. It is not necessary to discuss this legislation in great detail. (a) A number of states have passed laws providing for the weekly or bi-weekly payment of wages, and most of these laws prohibit "contracting out"—an obviously necessary accompaniment if the laws are to be effective. These laws have been generally declared unconstitutional when questioned, except where they apply to corporations only and the constitution of the state permits the modification of corporate charters by special law. The corporation being a creature of the state would seem to be logically subject to modification and control by the legislature, particularly in the case of companies incorporated after the enactment of such regulations.

(b). Precisely the same fate has befallen the laws passed in about twenty-three states prohibiting the enforced dealing at company stores, or the payment of wages in script, store orders, etc., the evil effects of which are generally admitted. Where these laws are uniform

in their application the logic of the adjudicated cases would seem to render them invalid, as interfering with the freedom of contract. Where their operation has been confined to particular industries, such as mining and manufacturing, they have been declared unconstitutional as class legislation. The powerlessness of the legislature between the two horns of this dilemma is obvious. An anti-truck law has been sustained in Indiana,[1] (in a decision distinctly repudiated in several other states), and these laws are probably constitutional when applied to corporations only, in states which (unlike Illinois) permit the amendment of corporate charters by special law. But any general law abolishing the nuisance of truck payment is utterly impossible. In recent years a partial remedy has been secured in laws providing that store-orders and script—in which many companies pay their employees—must be cashed on sight or at thirty days' notice at their face value; and these laws have been sustained in several important decisions.[2] But they offer no real remedy for the evil of truck payments, because they can be utilized by the wage-earner only at the cost of antagonizing his employer and thus losing his position. The suppression of the truck system must apparently be brought about in the United States by the trade union.

5. *Other Protective Laws:* The American statute books are filled with legislation conferring upon the labor-

[1] Even in Indiana, a weekly wage law has recently been declared unconstitutional. See Republic Iron and Steel Co. *v.* State, *Bulletin of the (U. S.) Bureau of Labor*, No. 48, pp. 1118-1120.

[2] *Bulletin of the Department of Labor*, No. 40, pp. 619-621.

ing classes special protection of various kinds. (a) Take the enforcement of the labor contract. The courts of equity will compel the performance of all other contracts, under proper conditions; but the labor contract is placed in a unique class by virtue of the fact that no court will enforce its execution, even though the remedy which is left to the employer—suit for damages—is likely to be useless because of the fact that the average wage-earner has no means with which to pay damages.[1] (b) Notwithstanding this fact, practically every state in the union exempts the laborer's wages from attachment or execution for debt; although in most states the exemption is limited to $50 or $100, or a month's wages, and a few states confine the exemption to workingmen who have a family to support. This class legislation is justified on the ground that the power of attachment is a statutory privilege conferred by the legislature, not an inherent right of the creditor, and consequently may be withdrawn in whole or part at the discretion of the legislature. (c) On the other hand, the wage-earner and mechanic are made preferred creditors in practically every state of the union, and debts due for labor rendered or materials furnished must be satisfied in full next after taxes and government claims, in the settlement of the estates of deceased persons, bankrupts, etc. The constitutionality of these laws has seldom been questioned, and Mr. Stimson

[1] See Stimson's *Handbook*, pp. 29-30. The writer desires to acknowledge his general indebtedness to this valuable work.

believes that they "must rest either upon the police power or on the precedent of the bankruptcy acts."

Recognizing that along certain lines it is impossible to evade or explain away the doctrines of free contract and class legislation, our state legislatures have endeavored to protect the laboring population indirectly, by encouraging and fostering trade unions. (d) The federal government and nearly all the states have passed laws permitting either specifically or inferentially, the incorporation of labor organizations; but the utter freedom from regulation or inspection which the unincorporated American union enjoys, has up to this time prevented the incorporation of unions in any considerable number. (e) And seventeen or eighteen states have passed acts declaring it unlawful for employers to discharge workmen for joining labor organizations, or to make it a condition of employment that they shall not belong to labor organizations. Laws of this kind have been sustained in Ohio, and annulled in Wisconsin, Missouri, Kansas and other states, but the prevailing opinion is that they are unconstitutional. (f) Trade unions also are now protected in the use of the union label in most states, and a penalty of fine or imprisonment or both is imposed for counterfeiting it. (g) Finally, labor organizations are specifically exempted in a number of states from the operation of the anti-trust acts (although such exemption has been held to annul the whole law); and in their practical execution the anti-trust laws have been directed against combinations of employers in restraint of trade, rather than

against the combinations of employees, which are equally in restraint of trade.

6. *Employers' Liability:* We shall not try to account historically for the interesting facts that in the last half-century the working population has been accorded a vast amount of special protection, and our constitutional law has been fundamentally altered to make way for the new system. Possibly the change is but one manifestation of the power of the new democracy, a sign of the transfer of political control from the classes to the masses. But we are concerned with the essential character and meaning of the new movement, and nowhere are they more distinctly expressed than in that department of labor law which deals with the responsibility and compensation for accidents happening to workmen in the performance of their work.

The common law upon the subject may be briefly stated as follows:[1] The employer is under obligation to provide his workmen with a reasonably safe place in which to work, with reasonably safe machinery and with reasonably prudent and competent fellow-servants; and the employer is liable in damages (a) for any accident to the workmen resulting from failure to display this ordinary prudence and care, as well as (b) from the similar failure or negligence of any superintendent, overseer or other *vice-principal* authorized to issue orders in his name. (c) Moreover, the employer cannot divest himself of this liability by contract made with a workman before the

[1] See *Bulletin of the (U. S.) Department of Labor*, No. 31, p. 1157ff.

accident occurs. The employer, it will be noticed, is not charged with the duty of providing the latest safety devices, or excessively expensive guards and protections: he is required to observe only the ordinary precautions of a reasonably prudent man. These precautions having been taken, (d) the employee assumes all the risks and hazards incident to the employment or (e) arising out of the carelessness and negligence of fellow-servants (as distinguished from vice-principals), and is not entitled to recover damages for injury resulting therefrom. Finally, even though the employer has been negligent, the employee can not recover damages (f) if he was aware of the remissness of the employer and accepted the extraordinary risk—*volenti non fit injuria;* or (g) if he himself has been guilty of additional or contributory negligence.

Conceived wholly as a problem between man and man, concerning itself with the apportionment of blame and responsibility for industrial accidents between employer and employee, the common law upon this subject seems to the writer substantially just. From this standpoint there appears no good reason, for instance, why the employer should be mulcted heavily in damages—as he often is by sympathetic juries—for injuries resulting to an employee from the negligence of another or co-employee. If anybody is to blame, it is the negligent employee, and that he is usually without means wherewith to pay for the damage he has done, is the misfortune of the injured employee, not the fault of the employer. Nevertheless,

the popular mind seems to lean strongly toward the view that the wage-earning classes suffer a gross injustice from the fellow-servant doctrine (e), and the doctrines of assumption of risk (f), and contributory negligence (g), described above; and at the present time statutes have been passed in about twenty-seven states modifying the common law.

These statutes are of three main types. (h) In a large number of states they simply describe the duties of the employer in protecting the life and limb of his employees, and give a right of action to the employee when he is injured through the failure of the employer to obey the law, or to the widow, children or other representative of the employee, when he is killed through such failure. This formal legal enactment of the duties of the employer is not wholly superfluous, since it has been interpreted in many courts to deprive the employer of the defence of assumption of risk, and in some courts, of the defence of contributory negligence. With his duties described in black and white on the statute books, the employer cannot escape responsibility for disobeying the law by pleading that his employee was aware of the disobedience.

(i) A large number of states, also, have repealed the fellow-servant doctrine with regard to railway employees. The general tenor of these statutes is well expressed by the Georgia law passed in 1856:

"Railroad companies are common carriers and liable as such. As such companies necessarily have many employees who cannot possibly control those who should exercise care and diligence in the running of trains, such

companies shall be liable to such employees as to passengers, for injuries arising from the want of such care and diligence."

(j) In very recent years a small number of progressive states have extended the principle embodied in the railway legislation mentioned above, and have passed general laws which seriously modify the fellow-servant doctrine in all mechanical industries. The Massachusetts law will serve as example. This act, passed in 1887, makes the employer liable for injuries caused: (α) by any defect in ways, works or machinery arising from the neglect of the employer or of any employee charged with the duty of seeing that such ways and works were in proper condition; (β) by the negligence of any superintendent entrusted with and exercising superintendence; (γ) by any employee who has charge of any signal, switch, locomotive engine or train upon a railroad. When an employee is thus injured, while thus exercising due care and diligence, he may recover damages not in excess of $4,000; and where death results, the widow, next of kin or legal representative may recover damages not in excess of $5,000. Ordinarily actions for damages can not be instituted under this law, unless the employer has been duly notified of the accident within 60 days of its occurrence, and actions must be commenced within one year of the same time. The law, it may be added, does not apply to injuries caused by fellow-employees to domestic servants or farm laborers.

The social philosophy underlying the common law of employers' liability is extremely significant. It regards

accidents as avoidable and unavoidable. The loss and trouble which result from the unavoidable accidents—constituting what is called in Europe the "occupational risk"—are shouldered upon the employee on the theory that he will anticipate them when he makes the wage contract, and will demand higher wages for greater risks. The avoidable accidents are of three kinds, due respectively to the carelessness of the employer, the victim himself, or a fellow-employee. In the second case, of course, the victim has no redress, but in the other two cases he may hale the wrongdoer into court and secure compensation for the injury by a civil action. This right of action, however, is obviously useless except in the small percentage of cases in which the employer is at fault. But it is an essential part of the old theory, that an unsparing application of the fellow-servant doctrine will force employees to exercise a ceaseless surveillance over one another, and thus reduce the number of accidents to a minimum.

Experience has shown, to borrow a medical figure, that this diagnosis of the evil is wrong, and that the remedies offered are wholly ineffectual. In Europe, careful statistical studies of the responsibility for industrial accidents have been made, which are summed up in the table on page 484.[1] From this it appears that considerably more than 50 per cent. of such accidents are due, in the long run, to third parties or the ordinary occupational

[1] Taken from the admirable study in the *Seventeenth Report of the (New York) Bureau of Labor Statistics*, pp. 657, 787 and 1144.

risk, and for such injuries the compensation is supposed to accrue to the workmen in the form of a wage surplus. When we examine wages in the dangerous and unhealthful occupations, however, no trace of this indemnification for occupational risk is discovered. The ten industries or occupations in which accidents are most frequent, according to the German experience of 1897, were: vehicle driving, grist mills, packing and despatch, mines, quarries, excavating, wood, interior navigation, breweries, building.[1] With the possible exception of the last two, these are poorly paid trades. Nerve and skill and intelligence will be paid for, but mere health, life and limb are offered in inexhaustible supplies, and *so far as any general rule can be discerned* it seems to work rather the other way: except where the danger is horrifying and dramatic—as in deep-sea diving or steeple climbing,—the fouler, the more unhealthful and more dangerous the occupation, the lower the rate of wages.

According to the following table, it is seen that about 25 per cent. of industrial accidents are due to the negligence of the victims themselves. Under the old law, the sufferings and poverty of these unfortunates (and, it may be added, of their wives, children and dependents) were supposed to be a punishment for their own carelessness. But this carelessness, we are now beginning to realize, is often due to the mere stress and strain under which modern factory operatives work, as is indicated by reliable

[1] *In op. cit.* p. 769. Ranked on a basis of the indemnified accidents. The order differs from year to year, but the utter absence of any correlation with wages is always noticeable.

PERCENTAGE OF INDUSTRIAL ACCIDENTS

Due to	Germany			Austria
	Agriculture (1891)	Mining and Manufacturing (1887)	Mining (1885-1895)	(50,000 Cases 1890-1894)
Fault of employer . . .	18.2	19.8	1.8	1.4
Fault of victim	24.4	25.6	29.8	25.8
Fault of both	20.1	4.4	. . . .	. . . .
Fault of third person .	2.8	3.3	4.3	1.6
Occupational risk . . .	32.3	43.4	64.3	70.2
Indeterminate and unknown	2.2	3.5	0.3	1.0
	100.0	100.0	100.0	100.0

statistics which show that accidents are much more frequent in the last hour of work than in the remainder of the working day. And, as we might expect, our American statistics of accidents—such as they are—show no sign that this fastening of responsibility upon the employees themselves has made accidents more infrequent. Some slight decrease is noticeable in the proportion of fatal accidents among railway employees, but in other industries, and in the proportion of non-fatal accidents among railway employees,[1] no improvement is perceptible; although the increasing regulation of factories, mines and railroads would have worked with the common law—had the common law been working in this direction—to diminish the frequency of accidents.

[1] See *Statistics of Railways* under "Railway Accidents," and W. F. Willoughby in *Bulletin of the (U. S.) Department of Labor*, No. 32, pp. 8, 16-18.

Returning again to the statistics of the causes of industrial accidents, it was found that about 20 per cent. in Germany, 1 per cent. in Austria, and 12 per cent. in England might be fairly charged to the negligence of the employer. These injuries, under the old law, are supposed to be indemnified by suitable damages secured through law suits. It is only necessary to mention this remedy, in order to call attention to its unsuitability. The ordinary civil action is costly, prolonged and fatally uncertain. Only a small proportion of the injured workmen have the intelligence, enterprise and means to institute such suits, and a much smaller proportion possess the resources and perseverance necessary to carry them to a successful issue. On the other hand, when these cases are conducted by professional accident attorneys, sympathetic juries frequently grant damages out of all proportion to the losses suffered by the workmen; and the remedy, which to many injured workmen is utterly useless, frequently becomes to the employers a source of worry, irritation and troublesome litigation.

This problem has been discussed in some detail, not only because the law of employers' liability is in one aspect the most important branch of labor law, but because our American commonwealths, in defiance of experience and foreign leadership, have blindly persisted in an attempt to meet a grave industrial evil by modifying an old law, based upon the assumptions that when an accident happens somebody is to blame, and that the best way of preventing accidents is to make the blameworthy

parties bear the consequences of their negligence. *The facts cited above show that this theory is wholly beside the question; not so much unjust as totally inapplicable.*

The government of course should compel both employers and employees to take every possible precaution against accident, by positive law, and every infraction of this law should lead to criminal indictment, not civil action. Even when this has been accomplished, however, there will inevitably occur—with men and machinery as they actually are—a very large number of industrial accidents. For instance, if accidents were relatively as numerous in the United States in 1900 as in Germany—and they were probably much more numerous—more than 10,000 American workmen were killed at their work; 68,000 were disabled for life; 55,000 were temporarily disabled for more than thirteen weeks, and 400,000 were incapacitated for more than three days but less than thirteen weeks.[1] Such accidents, if unindemnified, lead to unemployment and poverty, and these in turn multiply and breed the very imprudence and disregard of life which coöperate with industrial conditions to create the evil. Experience, therefore, seems to show plainly that the wage-earning classes are not able to secure indemnity for accidents in the manner contemplated by the common law, and that the lack of indemnification leads to a grave social evil which tends to expand and increase under a régime of free contract. But it is unfair to demand this indemnity

[1] Estimates given in the *Seventeenth Report of the (New York) Bureau of Labor Statistics*, pp. 557-558.

either from the employers or the employees. As the accidents arise largely from the necessities of modern industry, the cost of protection should be made a charge upon industry, to be borne by the consumer, as other costs of production are borne, in the form of higher prices.

7. *Workmen's Compensation Acts:* These truths have been fully accepted in most countries of the civilized world, and the law of employers' liability has been superseded by workmen's compensation acts, which compel the employer to indemnify his workmen for every injury not caused by the drunkenness or wilful misconduct of the victim himself. The compensation is fixed and definite, though usually adjusted to the seriousness of the accident, the period of incapacity and the number of persons dependent upon the victim. In most cases, payment must be made in the form of a pension, and in order to insure the certain payment of these pensions and protect beneficiaries against the bankruptcy of employers, the latter are in many countries compelled to take out accident insurance for their employees either with private companies or the state itself. It becomes comparatively easy to provide such insurance when the compensation for accidents is fixed and certain. The general provisions of these laws are summed up in a compact tabular statement, prepared by Mr. A. F. Weber and published in the *Bulletin of the* (U. S.) *Department of Labor for May*, 1902, which the reader is advised to consult.

In 1902 the State of Maryland adopted a full-fledged accident insurance law. Its provisions were extremely

interesting. First, it proceeded to throw the responsibility for accidents upon the employer by boldly abolishing the fellow servant doctrine and modifying the doctrine of contributory negligence. Having provided employers with a motive for accepting the following alternative, it then offered to exempt them from the special liability created by the act, on the condition that they would deposit monthly with the insurance commissioner, a certain insurance premium for each employee, graduated according to the risks of the occupation. From the insurance fund thus created, the insurance commissioner was authorized to pay $1,000 to the widow or other dependents of any insured employee who was killed in the prosecution of his trade or calling. Unfortunately, the insurance commissioner was authorized to bring within the operation of the act any industry which he deemed prudent, and exempt any company from the operation of the act, which in his opinion was making better and more generous provision for their workmen through relief associations or other methods of private insurance, than they would make by complying with the insurance provisions of the act itself. This clause was the undoing of the law. A Baltimore court declared the law unconstitutional, on the grounds that it gave the insurance commissioner judicial powers, and deprived individuals of the right of trial by jury. So perish American labor laws!

8. *Compulsory Insurance:* All of the fundamental arguments upon which the policy of compulsory insurance against accident rest, apply with redoubled force to com-

pulsory insurance against sickness and old age. To be sure, the practical difficulties in the way of compulsory insurance against old age and sickness are much greater than those which beset the practical administration of compulsory accident insurance. But the need for the former kind of insurance is correspondingly greater. Careful students of statistics have shown that in England, at least,—to quote Mr. Booth's words—"two out of every five men and women who live to be sixty-five are destined under existing circumstances to become chargeable to the poor rates." Students of poverty agree that sickness and old age cause many times as much poverty as industrial accidents. Students of trade unions and friendly societies admit that a large majority of the wage-earning population—even in countries like England and France, where voluntary insurance has reached its highest development—do not belong to any society which can safely be trusted to protect them against sickness and old age. In short, the conviction is slowly spreading throughout the civilized world that, taking human nature and wages as they are, a large majority of wage-earners can not save enough to maintain themselves during the temporary and protracted periods of disability which result from disease and old age; and that if anything adequate is to be done to relieve this misery and wretchedness, it must be done by the state.

It may be entirely impossible for the state to solve the problem; let us not prejudge this question. But, on the other hand, let us be entirely frank about the alternative

remedies of educating the masses to protect themselves by saving, and of eliminating the improvident by a complete abstention from any interference with the struggle for existence. The work of education must be a work of centuries, the experience in France leaves no doubt of that fact.[1] And the extinction of the unfit by unlimited competition is a pure fiction. It never takes place. Individuals are starved to death by a slow process of underfeeding, without doubt, and many thousands annually send themselves to premature graves by drink, recklessness and dissolute living. But their children—the class—survive. Poverty breeds poverty; it is cumulative, not self-eliminating; and this is the fatal fact which makes the extinction of the unfit utterly inapplicable as a remedy.

The realization of these truths has been followed in foreign countries by a practical movement for protection against sickness and old age, whose importance can scarcely be exaggerated. Germany led the way in the eighties, under the guidance of Bismarck, and at the present time, requires compulsory insurance against sickness, accident, invalidity and old age for nearly all classes of

[1] Since about 1850 France has consistently encouraged voluntary insurance by maintaining National Insurance Banks, and by subsidizing and encouraging the voluntary mutual aid societies. The state banks and voluntary societies work in harmony, and the good they do is very great; but even in France, at the present time, a large majority of wage-earners are uninsured against sickness and old age. Beginning in 1845, Prussia (and later the German Empire) made an even more earnest effort to solve the problem through the gilds and trade clubs, but the effort was futile, though much good was done. See Willoughby, *Workingmen's Insurance*, ch. IV; and *Fourth Special Report of the Commissioner of Labor*, pp. 31-40.

workmen earning less than 2,000 marks a year (3,000 marks in the case of accident insurance). Austria has compulsory insurance against accidents and sickness for many of the most important classes of wage-earners, and compulsory old-age insurance for miners; while France, in addition to the workmen's compensation act summarized in Dr. Weber's table, has compulsory old age and sick insurance for miners and seamen; and Iceland has compulsory insurance against old age for servants and day laborers. Denmark, Belgium, New Zealand, Victoria and New South Wales have endeavored to meet the problem of "the aged poor," by granting old age pensions to necessitous persons over 65 years of age (60 in Denmark) who have led respectable lives, and who are believed to deserve assistance less humiliating in nature than the ordinary poor relief, from which these pensions are quite sharply distinguished. Finally, most of the nations of Europe, and France, Italy and Belgium in particular, have endeavored to stimulate thrift and providence of a voluntary sort, by providing state insurance, particularly against old age and invalidity, through state-managed banks or funds, which are enabled, because of large grants from the public funds, to offer the most generous terms to workingmen.

It is impossible to describe here even the outlines of these systems, much less to discuss their practical operation, or the relative merits of state encouragement, state insurance, and state pensions.[1] This much, however,

[1] For convenient sources of information upon these topics, see the bibliographical note at the end of this chapter.

may be said about the working of compulsory insurance and old age pensions. Both these systems have now been in operation for more than ten years, and there is no indication that they will break down from sheer complexity or difficulty of administration. They are perfectly practicable from this standpoint. On the other hand, both systems are still on trial. In Germany, there has been an immense amount of malingering or playing sick, and it is still a question whether this abuse will not ultimately destroy the system of sick insurance, although in very recent years the alarming increase in the proportionate number of cases and days of sickness has been checked. In Australia, also, the old age pension has been abused, and in a number of cases property has been transferred by old people to their children in order that a pension might be secured. Yet there is no evidence that the abuse of the law has been widespread either in Denmark or Australia. Whether these schemes will prove practicable or not, remains to be seen, but it is to be noted that in those countries where the state has actually enforced insurance against sickness, or old age, the discussion has ceased to concern itself with "*laissez faire*," "free contract," and "the proper sphere of the state," and has turned upon the merits and demerits of concrete schemes of reform. The question is no longer whether compulsory insurance is desirable, but is compulsory insurance practicable? "Call it socialism or whatever you like," said Bismarck in the debate which preceded the introduction of compulsory insurance against sickness in Ger-

many, "it is the same to me." Terms are not material.

9. *Minimum Wage Laws:* In his study of poverty in York, Mr. Rowntree, it will be remembered, found that low wages—low *rates* of wages as distinguished from inadequate earnings due to sickness or irregular employment—were responsible for about one-half the cases of primary poverty; and whether this specific proportion be exact or not, there is a general agreement that low wages must be classed with old age, sickness, drink and irregular employment, as one of the five great causes of poverty. Hundreds of thousands of working people in what we know as the sweated trades, together with most married day laborers in many countries of the world, do not earn enough, even when they have fairly regular work, to provide their families at all times with the food, shelter and clothing required to maintain mere physical efficiency; and for this state of affairs the labor organization offers no relief, since labor organizations have never proved successful among agricultural laborers, in most of the sweated trades, and among women and child laborers generally. In Great Britain itself, where labor organization has reached the most complete development, official estimates have never placed the percentage of organized wage-earners above 25 per cent., even in those lines of industry in which organization is known to be possible.

Those industries which do not pay a living wage have been aptly called by Mr. and Mrs. Webb *The Parasitic Trades,* because they constitute a positive drain upon society at large. A large proportion of their workers

consists of women and children who are partially supported by fathers, husbands and brothers employed in other work; another section of their workers consists of people who are constantly in receipt of poor relief; while in periods of sickness and old age, probably a majority of these workers become a burden upon private and public charity. Whether anything can be done to remedy this state of affairs or not, it is very plain that these industries are actually subsidized by indirect bounties paid by society as a whole. In any particular industry, the unscrupulous employer who contrives to employ the largest number of women and children and pay them the lowest wages, has an enormous advantage over his competitors. But the same principle applies to the whole industrial system as well. The industry that can get along with women and children has a similar advantage over other industries in which the employers, either from necessity or desire, employ adult male workers and pay them living wages.

These parasitic industries may thus thrive and flourish when other industries, owing to foreign competition or to the obstinate maintenance of the standard of living by trade unions, find it impossible to produce goods at a profit. They not only prevent the children they employ from learning the more skilled trades, and wreck the health of both women and children by their unsanitary conditions and long hours of labor, but, it seems, they exercise an enormous power over the distribution of the labor force of a nation, drawing into relatively undesir-

able industries, the capital and labor that would otherwise go into trades and callings where skill is perfected, character strengthened, and punctuality, steadiness and reliability cultivated. In short, to bring to a close an analysis that might well be expanded into a whole book, the regulation of wages is demanded in the parasitic industries, not only because the wages which they pay are directly responsible for an immense amount of poverty, but because their existence constitutes a drain upon society and a hindrance to the most beneficial division of labor. In other words, the parasitic industries must be made to bear their fair share of the cost of production, just as every industry should be made to bear its fair share of the damages resulting from unavoidable industrial accidents.

It was a realization of this fact, probably unconscious, which led the Parliament of Victoria, in 1896, to insert clauses in the *Factories and Shop Acts* of that year, providing for the election of joint boards of employers and employees in certain sweated trades of Melbourne and the immediate vicinity, having power to fix minimum rates of wages, maximum hours of labor, rates of pay for overtime, and the proportion of apprentices and learners, for the trade or industries in question. In 1900 this system of wage boards was extended so as to cover practically the whole colony, and provision was made for their introduction into any industry for which either House of Parliament passed an enabling act. In a few months the system had been introduced into more than thirty trades;

and in December, 1900, South Australia adopted the Victorian system in an even more complete form, providing by general statute—the Factories Amendment Act—that no person working in a factory should be paid less than four shillings a week.

The minimum wage system, as it works out in practice, is essentially similar to the system of compulsory arbitration. The wage boards consist of an equal number (from four to ten) of employers and employees elected by the masters and workers in the industry which it regulates. These representatives choose a chairman, who has a deciding vote; and if members or chairmen are not elected provision exists for their appointment by the Governor in Council. Once constituted, the board proceeds to determine minimum rates of wages, hours of labor, etc., by ordinary collective bargaining between the representatives of the employers and employees; and the chairman does not interfere unless an agreement cannot be reached by the parties directly concerned. The award or "determination" reached by the board may be applied to any class or group of workers in the industry throughout the whole colony, and once having been determined it is enforced, like any other factory regulation, by the ordinary factory inspectors of the colony. "What the Victorian law does is, in effect, to compel employers and workmen to formulate, by common consent, minimum conditions for their own trade, which can be altered when and as required, but which are for the time being enforced by law. No employer is compelled to continue his business, or to en-

gage any workman; but if he chooses to do so, he must, as a minimum, comply with these conditions, in exactly the same way as he does with regard to the sanitary provisions of the Factory Acts. No workman is compelled to enter into employment or forbidden to strike for better terms, but he is prevented from engaging himself for less than the minimum wage, exactly as he is prevented from accepting less than the minimum sanitation."

In discussing compulsory arbitration in New Zealand, it was pointed out that the awards of the court of arbitration now extend not only to the particular employer and union involved, but to all other employers in the same industry throughout the industrial district for which the award is made; and that the award may be extended by the court so as to cover the particular industry involved, and all "related industries" *throughout the whole colony.* The wage rates and other conditions of employment fixed in these awards are, under the provisions of the present law, minima. That is to say, the employer may grant better conditions, but not inferior conditions. It becomes evident, then, that in their practical operation the compulsory arbitration and the minimum wage laws arrive at much the same results: the establishment of common rules for entire industries, by methods which do not prevent collective bargaining between organizations of capital and labor, but, on the contrary, create organizations for certain classes of labor which, under a régime of free contract would not be able to maintain organizations for themselves, and in addition, provide a means of compul-

sory agreement between these organizations and employers, when, without the interference of the law, they would come to open strife. By arbitration or wage boards, minimum wage rates are now fixed in New Zealand, New South Wales, West Australia, Victoria and South Australia.

As in the case of compulsory arbitration and old-age pensions, the experience with this law has been too brief to prove anything respecting its chances of permanent success. The law has been evaded in some industries, and observers seem to agree that it has made it more difficult for old men and incompetent workmen to obtain positions; while Judge Backhouse, the impartial and careful Royal Commissioner delegated by New South Wales to study and compare the Victorian and New Zealand systems, plainly favors the latter. But, on the other hand, after the Victorian Factories Act, originally passed for a limited period only, was accidentally suspended in 1902 by a sudden dissolution of the Victorian Parliament before a continuing act could be passed, the indignation was so great that the law was immediately replaced upon the statute books when the succeeding Parliament assembled.

* * * * * * *

The radical legislation described in the preceding paragraphs is still on trial, and no amount of discussion would enable us to say at the present what part of it will fail and what part endure. These relevant facts may be noted, however.

The breakdown of the old system of labor legislation in

the eighteenth century furnishes no good reason for the belief that the new legislation will fail. There are several reasons for this statement. In the first place, the old restrictive legislation was, broadly speaking, legislation by an autocratic minority in behalf of that minority. It had to contend with the persistent and growing opposition of a large majority of the people. In the second place, it is important to note that the old legislation blocked the progress of the working classes by establishing maximum conditions of employment, instead of minimum conditions, and this legislation was administered by the very classes that least needed protection. The new legislation, on the contrary, fixes minimum conditions on behalf of the classes that most need protection, and leaves these regulations to be enforced by an impartial executive in whose selection all classes have a voice.

Secondly, it is to be noted that, although many of the old laws were seldom or never enforced, many others were consistently enforced for centuries, and most of them were kept on the statute books until the landed gentry, in whose interests they had been passed, began to lose control of the government. It was only then, in the period of revolutionary economic and political changes, that the doctrine of *laissez faire* appeared. The old laws were partially successful, then, so long as the government was sympathetic, even though they conflicted with the interests of the masses. The new laws have a much greater chance of success because they can never be passed until they have the support of the majority, and they will then

be enforced by a government thoroughly in sympathy with their aims and objects.

Another general consideration which it is important to notice, is found in the fact that this radical legislation does not even tend to check that competitive struggle for existence upon which so much is believed to depend. What it does is merely "to concentrate competition upon efficiency." The German employer who must pay one-half of the old age insurance premiums of his employee, takes good care that the employee is worth the expenditure. If, as under the South Australian factories act, a boy helper can not be hired for less than four shillings a week, the employer must confine his employment of boys to those who are worth the wage. What a law of this kind does is to put competition on a free and level basis, give the fair employer an even chance with the unscrupulous sweater, and bend the energies of both towards the discovery of the efficient worker, not the worker who can be forced to accept the lowest wage because his necessities are pressing. It is a significant fact that when, after 1900, the Victorian wage law was extended from six to some thirty odd industries, the application of the law to many of the new industries was at the solicitation of the more progressive employers themselves.

REFERENCES: The labor laws of all the states were collected in 1896 and published with a large number of court decisions in the *Second Special Report of the Commissioner of Labor* (2d ed.). The laws passed since that time, together with the court decisions on labor questions, may be found in the *Bulletins of the Department*, now the *Bureau of Labor*. A thorough discussion of American labor law will be found in Stimson's *Handbook to the Labor Law of the United States* (1896), which is brought down to 1900 in the *Report of the Industrial Com-*

mission, Vol. V. The labor laws of all the important foreign countries are discussed in a comprehensive way in a series of articles by W. F. Willoughby in *Bulletin of the Department of Labor* Nos. 25-30; and the best source, perhaps, for foreign laws is the *Annuaire de la législation du travail* issued (since 1897) by the Belgian *Office du Travail*. On workingmen's insurance see the *Thirty-First Annual Report of the Massachusetts Bureau of Statistics of Labor*, Willoughby's *Workingmen's Insurance*, and the *Fourth Special Report of the United States Commissioner of Labor*, which contains a bibliography. For employers' liability and accident insurance see *Bulletin of the Department of Labor*, No. 31; Birrel, *Law of Employers' Liability*; and the *Seventeenth Annual Report of the New York Bureau of Labor Statistics*. For a comprehensive and readable, but partisan, description of Australian legislation see Reeves, *State Experiments in Australia and New Zealand*. H. C. Adams' *The Relation of the State to Industrial Action* and *Economics and Jurisprudence* still remain the most suggestive discussions of the philosophy of this subject; while Miss Whittelsey's *Massachusetts Labor Legislation* provides an admirable study in the specific social effects of labor legislation, and contains an excellent bibliography.

SUPPLEMENTARY READINGS:

1. Development and Effect of Labor Legislation:
   (*a*) Hutchins and Harrison, "The Origin of Factory Legislation," *A History of Factory Legislation*, ch. I, pp. 1-13.
   (*b*) Wright, *The Industrial Evolution of the United States*, ch. XXI-XXIII, pp. 264-292.
   (*c*) Whittelsey, "Economic Effects," *Massachusetts Labor Legislation*, ch. II, pp. 35-69.
   (*d*) *Ibid.*, "Effects Other Than Economic," ch. III, pp. 70-78.
2. Workingmen's Insurance:
   (*a*) Willoughby, "The Problem," *Workingmen's Insurance*, ch. I, pp. 1-28.
   (*b*) Brooks, "Origin and Development of Compulsory Insurance," *Fourth Special Report of the Commissioner of Labor*, pp. 19-50.
   (*c*) "General Review of the Problem of Industrial Accidents," *Seventeenth Annual Report of the (New York) Bureau of Labor Statistics*, pp. 1143-1162.
   (*d*) Farnam, "Psychology of German Workmen's Insurance," *Yale Review*, Vol. 13, pp. 98-113.
3. Radical Legislation in Australia and New Zealand:
   (*a*) Clark, "Labor Conditions in New Zealand," *Bulletin of the Bureau of Labor*, No. 49, pp. 1176-1257.
   (*b*) Reeves, "The Minimum Wage Law in Victoria and South Australia," *State Experiments in Australia and New Zealand*, Vol. II, pp. 47-69.
4. "Principles of Industrial Legislation," Jevons, *The State in Relation to Labor*, ch. I, pp. 1-32.

CHAPTER XIII

THE MATERIAL PROGRESS OF THE WAGE-EARNING CLASSES

In the preceding chapters some account has been given of the evils which afflict the working classes, and the agencies which operate, or are supposed to operate, to mitigate these evils. At this point we are naturally led to inquire: have the conditions of employment and the material comfort of the working classes really improved since the introduction of the factory system and the birth of the modern labor problem?

It is impossible to answer this question here in terms as definite and comprehensive as those in which it is couched. If in the last hundred years wages were increased one hundred per cent., the hours of labor diminished twenty-five per cent., and the working classes supplied with certain articles of dress and household convenience which kings and princes lacked a century ago; shall we conclude that the working classes are richer or poorer in the essential attributes of human happiness, if it be admitted that the strain and intensity of labor have indefinitely increased, and the death rates from suicide and nervous diseases have more than doubled? This not altogether absurd statement of the problem will illustrate how inextricably it is interwoven with psychological and

moral questions, the consideration of which is beyond the scope of this work; but as it is absolutely necessary to take these factors into account in aiming at any correct judgment, the task of accounting for them must be left to the reader. The most that can be done here is to adduce some of the more important economic data bearing upon the subject. With this preliminary warning we may plunge *in medias res.*

1. *History of Wages:* No phase of the economic progress of the working classes is more important than that of wages, and upon this subject, fortunately, we have data which, although not complete, prove with substantial certainty that the wage earner has made a marked and reasonably steady advance since the settlement of America. In dealing with this topic, prices will be treated together with wages, in order that some idea may be secured of the purchasing power of the money wage.

During the seventeenth century, while the early colonists were settling and clearing the wilderness, wages, as we should expect, were very low, and prices very high. The colonists had little money with which to hire people to work for them, and there had not yet been sufficient development of the great resources of the country to bring prices down. In Massachusetts, masons, tailors, master carpenters, and skilled workmen generally seem never to have earned more than $2 a week; and the prices of necessities were about as high, all things considered, as they are to-day. A skilled laborer made, in a week's work, only enough to buy about four bushels of corn,

TABLE I

Wages and Prices in Massachusetts in the 17th Century

Occupations	Year	Basis	Wages
Carpenters and joiners, master workmen (with board)	1630	Day	$.228
Carpenters and joiners, master workmen (without board)	1633	"	.333
Carpenters and joiners, master workmen (with board)	1633	"	.195
Carpenters and joiners, master workmen (March 1 to October 10)	1672	"	.333
Carpenters and joiners, inferior workmen (with board)	1630	"	.167
Laborers	1630	"	.167
" (with board)	1630	"	.083
" (best)	1633	"	.25
" (best, with board)	1633	"	.111
" (from October 1 to April 1)	1672	"	.209
" (from April 1 to July 1)	1672	"	.278
" (from July 1 to Oct. 1 (with board)	1672	"	.333
Masons and bricklayers, master workmen (with board)	1630	"	.228
Masons	1633	"	.333
" (with board)	1633	"	.195
" (March 1 to October 1)	1672	"	.333
Masons and bricklayers, inferior workmen (with board)	1630	"	.167
Stone layers (March 1 to October 10)	1672	"	.333
Tailors, master workmen, (with board)	1633	"	.167
" (12 hours per day)	1672	"	.278
" inferior workmen (with board)	1633	"	.111
" apprentices, first four years	1673	"	.167

Commodities	Years	Basis	Prices
Barley, average price in 18 years between	1640 and 1690	Bu.	$.691
Barley, malt, average price in 12 years between	1658 " 1694	"	.663
Corn, average price in 8 years between	1642 " 1694	"	.481
Corn, Indian, average price in 17 years between	1635 " 1688	"	.551
Oats, average price in 6 years between	1680 " 1694	"	.259
Peas, average price in 19 years between	1640 " 1694	"	.617
Rye, average price in 21 years between	1640 " 1694	"	.458
Wheat, summer average in 21 years	1640 " 1694	"	.815
Shoes, men's, sizes eleven and twelve	1672	Pr.	.833
" women's, sizes seven and eight	1672	"	.611

between three and four bushels of peas, or between two and three bushels of wheat. Two and a half days' work was required to earn enough to buy a pair of rough shoes. The scanty data which we have upon this period may be found in convenient form in the *Sixteenth Annual Report of the Massachusetts Bureau of Statistics of Labor* (pages 428-430), from which Table I, page 504, has been compiled, in order to furnish some suggestion of the miserable pay and bare life of the Massachusetts wage-earner of the seventeenth century.

The course of wages during the first half of the eighteenth century is very obscure and nothing definite or general can be asserted concerning it. From the immediately following tables, which give some scattered data concerning wages and prices in Masaschusetts after 1752, it may be inferred that wages in the middle of the eighteenth century were slightly higher than they were in the latter part of the seventeenth century, while owing to the increasing population and capital in the country, it was probably somewhat easier to obtain foodstuffs and the other necessities of life than it had been in the preceding century. There are some indications that there were no great or sudden changes in wages up to the Revolutionary War, but we are certain that after the war and the establishment of the present national government, a strong upward movement of wages and prices took place, which continued until the industrial depression of 1818-1819.

The table on page 506 indicates how great and steady was the rise in wages between the creation of the national

TABLE II.—AVERAGE WAGES PER DAY IN MASSACHUSETTS BY OCCUPATIONS: 1752–1860

Occupations	1752–1760	1761–1770	1771–1780	1781–1790	1791–1800	1801–1810	1811–1820	1821–1830	1831–1840	1841–1850	1851–1860
Agricultural Laborers	$0.311	$0.33	$0.315	$0.396	$0.478	$0.779	$0.782	$0.808	$0.875	$0.95	$1.01
Blacksmiths	..	..	..	.694	..	..	.842	1.12	1.40	1.47	1.69
Bookbinders	..	..	..	..	..	..	..	..	.917	1.46	1.38
Butchers	..	..	.333	..	..	.50	.75	.917	..	..	..
Carpenters	..	..	.522	.539	.786	1.09	1.13	1.07	1.40	1.37	2.03
Carriage Makers	..	..	..	..	..	..	..	..	1.84	1.59	1.85
Clockmakers	..	..	..	..	..	..	1.13	1.29	1.29	1.29	1.96
Clothing Makers	..	..	..	..	..	..	1.00	1.27	.896	1.38	1.43
Cotton Mill Operatives	..	..	..	..	..	..	..	.439	.897	.92	1.03
Glass Makers	..	..	..	..	..	..	..	1.13	1.62	2.44	2.96
Gold and Silver Workers	..	..	..	..	..	..	..	..	.974	1.28	1.69
Harness Makers	..	..	..	..	..	..	.88	1.13	1.25	1.46	1.65
Laborers	.29	.325	.376	.428	.623	.817	.91	.796	.872	.582	.975
Machinists	..	..	..	..	..	..	..	..	1.35	1.62	2.15
Masons	..	..	.666	1.00	..	1.41	1.52	1.22	1.37	1.33	1.53
Metal Workers	..	..	..	..	..	..	1.05	1.23	1.54	1.43	1.35
Millwrights	..	..	..	..	1.09	..	1.13	1.21	1.39	1.39	1.66
Nailmakers	..	..	..	.481	..	..	1.00	1.39	.86	1.50	..
Painters	..	..	..	..	..	1.15	1.34	1.25	1.32	1.47	1.85
Paper Mill Operatives	..	..	..	..	..	..	1.09	.666	.749	.842	1.17
Printers	..	..	..	..	..	..	1.13	1.25	1.38	1.17	1.75
Ship and Boat Builders	..	..	..	.889	..	..	1.25	1.40	1.33	1.35	3.65
Shoemakers	..	..	..	..	.733	..	..	1.06	.873	1.12	1.70
Stone Quarrymen and Cutters	..	..	..	..	..	..	..	..	1.29	1.45	1.40
Tanners and Curriers	..	..	..	..	..	..	1.00	1.13	1.46	1.13	1.67
Wooden Goods Makers	..	..	..	..	..	.66	1.26	1.25	1.36	1.11	1.72
Woolen Mill Operatives	..	..	..	..	..	..	..	1.12	.995	.865	.878

government and the outbreak of the Civil War. In every occupation for which data is given in the decades 1791-1800 and 1851-1860, the wage is very much higher in the latter period; and in every occupation cited the wage is higher in the last decade than in the decade in which it was first cited. Of course there were interruptions in this steady advance of nominal wages, as in the industrial depressions of 1819, 1837 and 1857; but they were seldom severe or prolonged enough to reduce the average for any decade below that of the preceding decade. In the following table a summarized statement of the movement of prices is given, which seems to show that from 1790 until 1820, taking even dates, the rise in wages was offset, and may have been *more* than counterbalanced, by a similar rise in prices; but that between 1820 and 1850 prices fell, in general, making the rise in the general level of real wages even greater than that indicated in Table II. Between 1850 and 1860, however, prices rose, being from 10 to 15 per cent. higher in the decade ending 1860 than in the decade ending 1850, according to the index numbers of prices prepared by Professor Falkner. However, taking into account the comparative steadiness in the rise of wages, and the general fall in prices between 1819 and the California gold discoveries, it is highly probable that the average wage earner had a considerably greater income at the beginning of the Civil War, than at the foundation of the national government; and although this conclusion rests upon very imperfect data for a sin-

gle state, it is confirmed by all the collateral information which we have, bearing upon the subject.

TABLE III

MOVEMENT OF AVERAGE PRICES IN MASSACHUSETTS: 1752-1860[1]

Prices in decades ending	Compared with those in decades ending	Number of prices which		
		Decreased	Increased	Remained the same
1760	1770	6	12	1
1770	1780	10	9	1
1780	1790	13	14	....
1790	1800	17	27	....
1800	1810	18	40	2
1810	1820	29	45	....
1820	1830	67	8	1
1830	1840	35	39	1
1840	1850	48	24	3
1850	1860	21	49	1

Beginning with 1860 our record of wages in the United States is fairly complete, and the obstacle in the way of ascertaining their true movement is primarily one of method, arising out of the difficulty of combining the known facts so as to make them tell a story that is at once true and intelligible. In 1893, for instance, the Senate Committee on Finance, under the direction of Professor Roland P. Falkner, made an investigation of the movement of wages and prices between 1840 and 1891, which,

[1] *In op. cit.*, pp. 454-457. As the articles whose prices increased were about as important as those whose prices decreased, it seems possible to gain a rough idea of the resultant price movement from the simple excess of rising over falling prices, or *vice versa*.

so far as the wage movement is concerned, is rendered almost wholly useless by fundamental defects in the method of combining the data. This Aldrich Report, as the report of the committee is frequently called from the name of the chairman, is often cited as authoritative, but it unduly exaggerates the rise of wages between 1840 and 1891, and on this account it is necessary to draw our conclusions from other sources which, with respect to the accuracy and amount of the original data, are less satisfactory than the Aldrich Report itself.

The movement of wages during the Civil War, which teaches a profoundly important lesson concerning the effects of currency inflation upon the income of the wage-earner, has fortunately been worked out with the utmost thoroughness by Professor W. C. Mitchell in his *History of the Greenbacks*. Wages—expressed in currency—rose rapidly, but less rapidly than prices, so that the wage-earner paid dearly for the experiment with inflation, as indeed he seems always to do. "All the statistical evidence that has been presented in the preceding pages," says Professor Mitchell, after a long review of prices and wages, "supports unequivocally the common theory that persons whose incomes are derived from wages suffer seriously from a depreciation of the currency."

The net effect of the two upward movements of prices and nominal wages is shown, so far as it can be presented statistically, in the following statistics of real wages, which, however, Mr. Mitchell thinks, somewhat exaggerate the actual injury suffered by wage-earners. Of the

TABLE IV

RELATIVE WAGES, NOMINAL AND REAL: 1860-1865

(Compiled from Mitchell's *History of the Greenbacks*, chs. IV and V)

Date	All emyloyees		Farm laborers		Laborers		Unskilled laborers	
	Money wages	Real wages	Money wages	Real wages	Money wages	Real wages	Money wages	Real wages
1860 Jan.	100	100	..	..	100	100	100	100
July	100	100	100	100	100	100	100	100
1861 Jan.	102	102	..	..	100	100	103	103
July	96	104	99	104	98	98	98	98
1862 Jan.	102	102	..	..	100	100	100	100
July	104	101	107	104	101	98	99	96
1863 Jan.	116	89	..	..	123	95	121	93
July	119	86	126	91	125	90	121	93
1864 Jan.	131	81	.	..	143	89	143	89
July	142	71	145	72	167	84	157	78
1865 Jan.	152	67	..	..	173	76	169	74
July	155	97	158	99	176	110	167	104
1866 Jan.	161	95 (estimated by the writer)						
July	164	103 (estimated by the writer)						

figures given in the table, those under the caption "All Employees," are the most trustworthy, and relate to more or less skilled trades, principally in manufacturing industries situated north of the Potomac and east of the Ohio rivers. The relative wages of farm and other laborers are also given, because of the important fact, too often forgotten in investigations of wages, that there are almost as many farm and other laborers in the United States, as skilled workmen. At the Census of 1870, for

instance, there were in the United States 12,505,923 persons ten years of age and over, engaged in gainful occupations. This includes employers, professional men, farmers and salaried workers of all kinds. Of this grand total, 4,908,278, or 39 per cent., consisted of laborers and domestic servants. It is evident that about as much importance should be attached to the wages of laborers as to the wages of all skilled workmen combined, but it is usually upon the latter class of data alone that our conclusions are based. It is hardly necessary to add that the figures in Table IV express average wages in the form of ratios or index numbers, based upon the wages current in 1860.

After the end of the Civil War, wages rose and prices fell, so that at the close of 1865, as is shown in Table IV, the wage-earner had regained nearly all he had lost during the war, and real wages were only three per cent. lower than in 1860. The year 1866 ushered in a new epoch, during which, it is no exaggeration to say, the American workingman advanced in a manner unprecedented in this country in which steady progress has been the rule since the establishment of the Union. The movement of wages since the Civil War, as derived from those tables and authorities which seem on the whole most trustworthy, is compressed into Table V (page 514), which requires a few words of explanation.

The table, it will be noticed, contains statistics of relative nominal and real wages for two main groups of wage-earners, agricultural and industrial workers. The wages

of farm laborers, while not continuous, have all been prepared in the same office, presumably in accordance with a uniform method, and cover the whole United States. They are not only general, but comparable, one year with another. The wages of industrial workers, on the other hand, are the results of three distinct investigations. If each of these investigations covered all the industrial occupations and thus furnished a general statement of the movement of average wages in industry, the difference in the source of the statistics would be negligible. But unfortunately they do not, and in consequence some part of the movement indicated by the figures probably arises from the incidental fact that the averages cover different groups of wage earners. It is improbable, however, that the error thus arising is very great.

In the second place, it should be pointed out that the statistics of real wages between 1866 and 1889 inclusive, express the purchasing power of the money wage in terms of wholesale prices, while the statistics of real wages between 1890 and 1903 express the purchasing power of the money wage in terms of the retail prices of food products. The general effect of this change of basis is, in all probability, to exaggerate the advance of real wages between 1866 and 1889 as compared with the advance between 1890 and 1903. Finally, the student should be warned that it is only in periods of normal industrial conditions, that statistics of real wages are trustworthy. In industrial depressions, prices fall more than wages, at least, more than wage rates, so that the real wages are often

represented as increasing when the welfare and comfort of the wage-earner have been steadily declining. The statistics of real wages for the period from 1893 to 1897 furnish a good illustration of this absurd defect of statistics of real wages. Real wages are there shown to be considerably higher in 1896 than in 1892 or 1902. The trouble arises, of course, from the failure of ordinary wage statistics to take account of unemployment.

No apology will be made for the space and attention devoted to the foregoing details. It is the careful consideration of just such details as this, which alone make any sound or exact conclusions possible concerning the progress or retrogression of the wage-earning classes. It is only after we have exposed the defects of our data, that we become convinced of the general truth of the story which they tell, the story of astonishing progress since the close of the war, interrupted by periods of stagnation, and delayed in agriculture, but on the whole rapid and unmistakable. Some years ago, before the panic of 1893-1894, candid students doubted whether the total body of wage-earners—taking into account the slow progress and large numbers of agricultural and unskilled workers—were very much better off than they had been about 1870. To-day, however, owing to the rapid rise of farm wages in recent years, there can be no doubt about the striking progress of the last half century. Table V indicates that between 1866 and 1903 real wages rose more than 100 per cent. in industry and more than 70 per cent. in agriculture. Translate these figures into the con-

TABLE V

MOVEMENT OF NOMINAL AND REAL WAGES: 1866–1903
(1890 as the Standard Year)

Year	Relative Nominal Wages (Industry)	Relative Real Wages (Industry)	Relative Nominal Wages, Farm Labor (With Board)	Relative Real Wages, Farm Labor (With Board)	Year	Relative Nominal Wages (Industry)	Relative Real Wages (Industry)	Relative Nominal Wages, Farm Labor (With Board)	Relative Real Wages Farm Labor, (With Board)
	Falkner's Index Nos.[1]				1884	98.5	90.0	..	..
					1885	97.8	98.2	99.1	99.5
1866	68.5	47.9	100.0[4]	70.0	1886	97.8	98.1	..	..
1867	73.7	56.0	..	..	1887	98.6	97.8	..	..
1868	72.3	53.9	..	..	1888	99.2	96.6	99.3	96.7
1869	75.2	62.7	98.0	81.8	1889	99.6	94.8	..	..
	25 Occupations[2] City Wages					Bureau of Labor[3], 519 Occupations			
1870	87.3	68.7	..	..	1890	100.0	100.0	100.0	100.0
1871	94.7	72.2	..	..	1891	99.7	98.4	..	..
1872	97.0	74.9	..	..	1892	100.3	100.8	100.7	101.2
1873	93.2	76.3	..	..	1893	100.2	98.3	106.7	104.7
1874	91.1	78.2	..	..	1894	96.7	99.4	97.7	100.3
1875	88.7	72.5	90.8	74.3	1895	97.4	102.0	96.5	101.0
1876	86.3	74.4	..	..	1896	98.5	105.7	..	..
1877	88.8	77.8	..	..	1897	98.3	104.5	..	..
1878	91.3	82.9	..	..	1898	99.0	102.7	107.9	111.9
1879	91.8	90.5	83.8	82.6	1899	100.2	103.1	113.0	116.3
1880	92.6	82.8	..	..	1900	103.1	104.5	..	..
1881	95.3	82.4	..	..	1901	104.8	102.1	..	..
1882	96.9	83.3	99.7	85.7	1902	108.2	100.0	131.7	121.6
1883	97.7	85.9	..	..	1903	111.2	103.2	.	..

crete terms of material well being, into better and more food, into better education, more and saner recreation,

[1] Unweighted averages of wages in 21 industries, from Aldrich Report: *Wholesale Prices, Wages and Transportation*, p. 180. All wages in this table are on the gold basis, and all real wages down to 1889 are based upon Falkner's weighted index numbers of prices, from same report, p. 100.

[2] Unweighted averages covering 12 important cities, from *Bul. of the Dept. of Labor*, No. 18, p. 669.

[3] Weighted averages of weekly earnings from *Bul. of the Bur. of Labor*, No. 53, pp. 721-723. All real wages from 1890 to 1903 based upon index numbers of retail prices given in this *Bulletin*.

[4] Weighted averages of monthly wages, reduced to gold basis, compiled from *Bul. No. 26, Mis. Series, U. S. Dept. of Agriculture*, p. 15.

and they are capable of an indefinite amount of rhetorical expansion. But the figures are quite as eloquent and much briefer.

2. *Decrease in the Hours of Labor:* The wage statistics cited in the preceding table, except those for industrial occupations after 1889, are based upon wage rates, and hence take no account of unemployment or of the progressive diminution which has taken place in the hours of labor. If account could be taken of this diminution in the length of the working day, the advance in wages would appear even greater than the table indicates.

However, our interest at this point lies in the general history of the hours of labor and not in the relation between the hours of labor and wages.

In no branch of labor history are the facts so unequivocal, and, on the whole, so encouraging as in this subject of the hours of labor. At the beginning of the nineteenth century the ordinary working day was from sun to sun; and when the factory system was introduced, making work by artificial light possible, the hours of labor were considerably increased, and in the case of child labor particularly, to a cruel degree. For instance, the early data used in the Aldrich *Report on Wholesale Prices and Wages, and Transportation,* was secured, as the report says, from "picked establishments," where conditions were remarkably good. But the working day in the cotton factories included in this investigation was 14 hours long in 1840, 1841 and 1842; and did not fall below 13 hours until 1852. At the present time, the average

working day in industry is probably a little less than ten hours long, taking Saturday holidays into account; in the Northern and Northwestern States, according to reliable testimony, the working day of farm laborers has been somewhat reduced in recent years, except during harvest time; a large number of trades, particularly the building workers, have secured an eight hour day in the more progressive parts of the country; and a large number of increasingly effective laws are being passed for the purpose of reducing hours of labor in those industries and occupations like bakeries, street railways, underground mines, etc., in which the working day is, or until recently has been, excessive. Although the movement for reduction is active and encouraging, the working day has not been shortened as much, probably, as the average man believes. The movement is represented statistically in Table VI, following. Existing conditions in New York, which is probably typical of the more advanced manufacturing states, are accurately described in the following excerpts from the *Second Annual Report of the New York Commissioner of Labor:*[1]

"The reports of the factory inspectors state the hours of labor of employees in each establishment inspected and

[1] Vol. I, p. 22. The results quoted on page 517 are confirmed by the statistics gathered by the National Manufacturers' Association and submitted to the Senate Committee on Education and Labor in December, 1902, with the object of defeating the eight-hour bill then before Congress. The statistics cover 2,816 firms employing 644,715 workmen. These statistics show that in 1 per cent. of the establishments the working day was 8 and less than 9 hours; in 40.8 per cent. 9 and less than 10 hours; in 54.7 per cent. 10 and less than 11 hours; in 3.5 per cent. 11 hours or more.

indicate that of the 800,000 workers in factories, 6 per cent. work not more than 8½ hours a day, 32 per cent. 9 to 9½ hours, 59 per cent. 10 or 10½ hours, and two per cent. more than 10½ hours per day. The 10-hour day (58, 59 or 60 hours a week) still prevails in most industries; but longer hours are usually worked in paper and pulp mills and in water, gas and electric lighting plants. In two groups of industries the 9 or 9½-hour day predominates—the typographical trades and the garment trades—while in the building industry the most numerous class of employees are those who work less than 52 hours a week. That is also the only industry in which no employees are reported as working more than 63 hours a week."

In Table VI following a historical view of the hours of labor in mechanical and manufacturing industries is given. The figures for the period 1840-1890 are from the Aldrich Report quoted above and cover only 21 industries. The figures from 1891 to 1903 are from the Bulletin of the Bureau of Labor for July, 1904, and cover 67 industries. The figures are put in the form of ratios based upon the average hours of labor in 1890, but as this average was 10.0 hours exactly, according to the Aldrich Report, the figures for the years 1840-1890 indicate the absolute as well as the relative length of the working day. "The reduction in the number of hours," says the Aldrich Report, "seems hardly as considerable as might have been expected. It must be remembered that our figures refer to certain picked establishments, where, in view of the

complete organization at an early date, it is probable that shorter hours made an earlier appearance than in the mass of workshops. It may therefore be doubted whether these figures, absolutely correct as they are for the establishments in question, give a perfectly adequate picture of general conditions." The following statistics, then, underestimate rather than overestimate the reduction which has taken place.

TABLE VI

AVERAGE HOURS OF LABOR: 1840 1903

(1890 as the Standard Year)

Year	Relative hours of labor	Year	Relative hours of labor	Year	Relative hours of labor
1840	114	1861	109	1882	103
1841	105	1862	108	1883	103
1842	114	1863	108	1884	103
1843	115	1864	108	1885	103
1844	116	1865	107	1886	102
1845	115	1866	108	1887	100
1846	114	1867	108	1888	100
1847	115	1868	106	1889	100
1848	113	1869	106	1890	100[1]
1849	112	1870	105	1891	99.8
1850	115	1871	105	1892	99.8
1851	114	1872	105	1893	99.6
1852	112	1873	105	1894	99.1
1853	113	1874	105	1895	99.4
1854	111	1875	103	1896	99.1
1855	111	1876	103	1897	98.9
1856	110	1877	103	1898	99
1857	109	1878	103	1899	98.5
1858	110	1879	103	1900	98
1859	111	1880	103	1901	97.4
1860	110	1881	103	1902	96.6
				1903	95.9

[1]Statistics from 1891 to 1903 not exactly comparable with those for 1840-1889.

3. *Movement of Unemployment:* There is no more difficult topic in the whole range of labor problems, and few so important, as this subject of unemployment, but of the movement of unemployment, whether it is more or less extensive in the United States than it was in the past, we know practically nothing. The amount of unemployment varies so greatly from year to year, as well as from season to season, that, in order to gain any idea of its increase or decrease, we must secure a series of monthly or quarterly percentages, extending over a long series of years; and there is nothing approaching such a series in American statistical literature. In 1885, as shown in Chapter V, an investigation in Massachusetts revealed the fact that 29.6 per cent of the population had been out of employment some time during the year; while in 1900 a somewhat similar investigation resulted in a corresponding percentage of 28.2. In 1890 the census investigation covering the whole of the United States, indicated that 15.1 per cent. of the population 10 years of age and over engaged in gainful occupations, had been out of employment sometime during the Census year; and a similar investigation in 1900 resulted in a corresponding percentage of 22.3; but we are warned in the Census reports that these results are of doubtful value. The New York figures, quoted in Chapter V, cover only the period since 1897, and while they are trustworthy in themselves, throw no light upon the history of unemployment.

In Great Britain, however, a careful series of percent-

ages has been prepared by Mr. George H. Wood,[1] based upon the records of certain important trade unions, the aggregate membership of which was 32,414 in 1860, and 213,150 in 1891. The principal results of this investigation are quoted in Table VII following, together with statistics published by the British Labor Department since 1886, which rests upon returns from all the more

TABLE VII

PERCENTAGE OF UNEMPLOYMENT IN CERTAIN BRITISH TRADE UNIONS.

Year	Average of Monthly Percentages	Average of Previous Ten Years[1]	Year	Average of Monthly Percentages	Labor Department Returns	Average of Previous Ten Years
1860	1.61	1.61	1882	1.92	..	4.36
1861	4.28	2.94	1883	2.23	..	4.46
1862	7.81	4.56	1884	7.40	..	5 00
1863	5.74	4.86	1885	8.98	..	5.66
1864	2.56	4.40	1886	9.55	..	6 27
1865	2.01	4.00	1887	7.42	8.16[2]	6.57
1866	3.10	3.87	1888	4.55	4.9	6 39
1867	7.34	4.30	1889	2.05	2.10	5.35
1868	8.51	4.77	1890	1.90	2.12	4.94
1869	7.42	5.04	1891	3.04	3.5	4.90
1870	4.32	5.31	1892	.	6.25	5.52[3]
1871	1.81	5.06	1893	..	7.5	6.05[3]
1872	1.06	4.39	1894	..	6.91	6.00[3]
1873	1.26	3.94	1895	..	5.8	5.68[3]
1874	1.76	3.86	1896	..	3.41	5.06
1875	2.49	3.80	1897	..	3.5	4.60
1876	3.56	3.95	1898	..	3.0	4.41
1877	4.44	3.66	1899	..	2.4	4.44
1878	6.31	3.44	1900	..	2.9	4.52
1879	12.5	3.95	1901	..	3.8	4.55
1880	5.93	4.11	1902	..	.	..
1881	3.45	4.17	1903	..	..	..

[1] Until 1869 the average is that of all the previous years shown in the table.

[2] Returns of Lab. Dept. based upon all trade unions reporting.

[3] Based partly upon Mr. Wood's data. Decennial averages after 1891 inserted by the writer.

[1] *Journal of the Royal Statistical Society*, Vol. 62, pp. 645-648.

important British trade unions. Alongside of the annual percentages, decennial averages have been placed, in order to eliminate the temporary fluctuations, and elicit the general variation of unemployment.

It is the series of decennial percentages that deserve the most attention. The figures, as Mr. Wood says, combined in any fair way, indicate a general decrease in unemployment, until about 1875, after which the percentage grew, reaching a maximum about 1886. From the five and ten year averages given below, Mr. Wood concludes that unemployment in Great Britain is on the increase, when temporary fluctuations are eliminated. "Many trade union officials," says Mr. Wood in the same paper, "hold the view that trade depressions are more frequent now than formerly, and that the cycle that formerly lasted ten years, now lasts seven or eight. There seem good grounds for this view, for since 1877 we have been through three trade depressions in twenty-two years, and if, as I believe it is, the average percentage of workmen seeking employment is greater over a decade now, than before the depression at the end of 1870-79, this is entirely due to the greater frequency of trade depressions."

AVERAGE PERCENTAGE UNEMPLOYED

Periods	Per cent.	Periods	Per cent.	Periods	Per cent.
1860-64	4.40	1870-74	2.04	1880-84	4.18
1865-69	5.67	1875-79	5.79	1884-89	6.52
1860-69	5.04	1870-79	3.91	1880-89	5.34

4. *General Progress in the Last Century:* It is im-

possible to go on with a detailed account of the wonderful progress made by the working classes since the adoption of the Constitution in 1789. Not only have wages steadily increased, and the hours of labor and other conditions of labor greatly improved under the operation of our factory acts, but the working man reads more, travels more, has a better education, and enjoys a vast number of conveniences and comforts of which his forefathers knew little or nothing. There is, of course, another side to the picture, as was suggested in Chapter V. It is possible that the strain and intensity of labor have increased, that working men wear out at a somewhat earlier age, that the proportion of industrial accidents has grown, and it may be true, in this age of extreme specialization when men must do something well to secure employment at all, that the relative number of incompetents, of hopeless, discouraged failures, is increasing. Whether these items which must be placed on the debit side of our ledger of progress, balance or more than balance the vast number of entries which belong to the credit side, is a question which each person must settle for himself. But the writer, at least, entertains no doubt that the net result is progress, probably unprecedented in the history of the world. If the intensity of labor is increasing, the general death rate is decreasing; if the proportion of incompetents is slightly increasing—and this is doubtful—the absolute numbers of those who live clean, active, happy lives, securing a modest living with a sane and reasonable amount of agreeable work, has enormously increased;

while a broader spirit of charity, a milder attitude towards children, dependents and the helpless, is abroad, and in the trade union and labor law we possess agencies which will solve, or at least ameliorate, new and threatening evils such as the increase of industrial accidents.

Perhaps the best single statistical index of material progress is found in the consumption of certain semi-luxuries, like coffee, tea, sugar, tobacco, beer, etc., whose consumption can only be greatly increased by larger expenditures on the part of the lower and middle classes. The per capita consumption of this class of goods has increased enormously during the last half century in every country where statistics of consumption are published. Thus in the United States between 1871 and 1903 inclusive, the per capita consumption of coffee increased from 7.91 to 10.79 pounds, that of sugar from 36.2 pounds to 71.1 pounds, that of malt liquors from 6.10 gallons to 18.04 gallons, that of wheat and flour from 4.69 bushels to 5.81 bushels. In the United Kingdom, where fuller statistics of consumption are prepared than in the United States, Mr. George H. Wood, in the careful and impartial article cited above, has been able to combine the statistics of about fifteen important articles into the form of a weighted index number showing the average increase of the per capita consumption from 1860 to 1896. The articles included are wheat and wheat flour, cocoa, coffee, cotton, currants and raisins, meat, rice, sugar, tea, tobacco, wool, wine, spirits, malt and beer. The index numbers, showing the average movement of consumption, are given

below, and form on the whole the best single measure of the progress of the working classes of which the writer has any knowledge. Of course, the statistics refer only to the United Kingdom, but the movement was probably very similar in the United States. Five different systems of weighting were used by Mr. Wood in order to make certain that no reasonable system of weights would materially alter the results. Of these the results given by system 5 are the most trustworthy, and they indicate that the average consumption increased 40 per cent. between 1860-64 and 1895-96.

TABLE VIII

AVERAGES OF CONSUMPTION OF COMMODITIES IN QUINQUENNIAL PERIODS: UNITED KINGDOM

(Consumption in 1870-'79 as the unit of comparison)

Periods	Unweighted averages	Weighted averages (system 5)	Periods	Unweighted averages	Weighted averages (system 5)
1860-64	76.3	83.0	1880-84	104.1	103.3
1865-69	83.9	88.1	1885-89	104.0	105.0
1870-74	97.1	97.8	1890-94	111.4	115.0
1875-79	102.5	102.0	1895-96	115.2	116.7

Returning to the United States for a last word concerning the subject of material progress, which shall supplement and explain the more or less misleading statistics of wages given in Table V, we shall probably find no more illuminating material than that recorded in the periodic investigations of family budgets made by the Massachusetts Bureau of Statistics of Labor.[1] The

[1] See *Thirty-Second Annual Report*, "Prices and Cost of Living," p. 807 *passim*.

investigation made in 1901-2 compared with those made in 1872 and 1875 indicates that the income of the better class workingmen's families increased from about $763 in the earlier period to about $814 in the latter period, and that in the interval retail prices decreased a little less than 20 per cent. Notwithstanding this decrease in prices which made it possible to purchase the commodities which cost $738 in 1872 for about $600 in 1902, the average family had a surplus of $24.72 in 1875 as compared with one of $16.18 in 1902. If the standard of living had not changed in the interval, the surplus in 1902 would have been about $160. Some such amount as this has evidently been conferred upon the average workingman's family by the economic progress of the last forty years. It has been devoted to increased consumption, and is good or evil in its effects as it is wisely or unwisely spent.

In the following tabular statement, the results of the investigations of 1875 and 1901-2 are compared in somewhat greater detail. To the writer, at least, the bare facts which it contains are eloquent. It is apparent that even the American workman of the better class still has a hard time to make ends meet, and that although the gross abuses of child labor have been suppressed in Massachusetts, some of the burden of which the children have been relieved has been placed upon the shoulders of the wives and daughters. Even the path of progress is a devious one.

Comparison of the Results of Investigations of Family Budgets in 1875 and 1901-2 (Massachusetts)

1875

In the majority of cases, workingmen in this Commonwealth do not support their families by their individual earnings alone.

Fathers rely, or are forced to depend, upon their children for from *one-quarter* to *one-third* of the entire family earnings.

Children under fifteen years of age supply, by their labor, from *one-eighth* to *one-sixth* of the total family earnings.

Of the children at work in the families reported in 1875 nearly 31 per cent. were under 14 years of age, and about 54 per cent. under 15.

The amount of earnings contributed by wives, generally speaking, is so small, that they would save more by staying at home than they gained by outside labor. The actual amount contributed constituted but eighty-eight hundredths of one per cent. of the aggregate income of all the families reported, and in the entire number (397) only 12 wives aided by outside work.

A large proportion of the skilled workingmen visited have sewing or other labor-saving machines in use in their families. As evidences of material prosperity to a certain extent, significant numbers of the families (the aid of child labor being fully allowed) own pianos or cabinet organs, have carpeted rooms, and maintain pews in church.

1901-02

In the present investigation, out of the total number of families (152), the earnings of the head were sufficient to meet the family expenditure in but 25.

Out of the entire family income only 11.32 per cent., or a little less than *one-eighth*, was received from the earnings of minor children.

Nothing contributed by children under 15.

No children permitted to work if under 14. In the families reported no children under 15 were at work.

Out of the 152 families reported, 32 wives worked outside the family, and in the aggregate contributed 5.29 per cent. of the aggregate income reported from all the families. (Apparently, the lesser proportion of children working is partly offset by a greater proportion of wives contributing by their earnings to the family income.)

The same facts appear at present in even greater degree (child labor, so far as young children are concerned, being eliminated). The conditions as to housing generally show considerable improvement over those reported in 1875. This accounts in part for the higher rental rates reported as compared with five years ago, although the average is slightly higher than that of 1872, and the proportion of expenditure for rent has decreased. Of the entire number of families, 88.82 per cent. that is, a proportion of nearly 89 in every 100, reported expenditures for religion and charity.

5. *The Good Old Times—A Contrast:* Despite the accumulating evidences of progress which historical and statistical study are constantly unearthing, the belief still lingers in many quarters that, although our forefathers possessed less wealth in the aggregate or per capita than their present day descendants, nevertheless there was no intense poverty or degradation among them such as we find in the city slums to-day. The American colonists had little money, says Mr. John Mitchell in his admirable work, *Organized Labor,* but "the needs of the people were satisfied in a large, rough, substantial fashion."

It is probably true that a majority of the people did live in a state of "rude but substantial comfort," as a large majority of the people do to-day, and that there were some communities characterized by an unusually high level of material prosperity, just as one finds towns and wide farming communities in the Middle West to-day, where real poverty is practically unknown. Thus in a *Description of Pennsylvania and of its Capital,* printed in 1698 by a man who had resided in Pennsylvania for fifteen years, a most enthusiastic account of the prosperity and happiness of the colonists is given: "There are no beggars to be seen, nor, indeed, have any here the least temptation to take up that scandalous lazy life."

But the better historical judgment seems to be that the comfort of the colonial era, while ruder, indeed, was no more widespread or substantial than it is to-day, and that taking account of the difference in population, there was more and not less of the wretchedness and degradation

attendant upon extreme poverty. The horrors of the city slum were matched and even surpassed by the horrors of the frontier; in both a grinding struggle to obtain the necessities of life have blunted the moral faculties and sapped the physical powers, in both disease has been constantly rife, and both have furnished breeding places for plague and epidemic; in both ignorant immigrants have battled with the adversities of a foreign tongue and a strange civilization, eking out an existence which was too often a prolonged process of starvation. Of course, comparisons of this kind are dangerous and perhaps misleading. The poverty of one epoch is possibly never exactly comparable with that of another. But if we must draw conclusions respecting progress or retrogression, let us be true to the facts. "There is a strong temptation," says Professor Marshall, "to over-state the economic evils of our own age, and to ignore the existence of similar and worse evils in earlier ages; for by so doing we may for the time stimulate others, as well as ourselves, to a more intense resolve that the present evils shall no longer be allowed to exist. But it is not less wrong, and generally it is much more foolish, to palter with truth for a good than for a selfish cause. * * * This impatient insincerity is an evil only less great than that moral torpor which can endure that we, with our modern resources and knowledge, should look on contentedly at the continued destruction of all that is worth having in multitudes of human lives, and solace ourselves with the reflection that

anyhow the evils of our age are less than those of the past."[1]

In the first place there was slavery. In judging the economic condition of the American laboring classes in the past, we must always remember the degradation and misery involved in chattel slavery, and the fact that from the first introduction of negro slaves into Virginia in 1619, until the latter part of the eighteenth century, a steadily increasing proportion of American workingmen were slaves. In 1790 there were about 750,000 slaves in the United States, constituting about 19 per cent. of the total population. Their condition was most miserable. "To steal a negro was felony. To take his life while punishing him was not. Indeed, if a planter provided coarse food, coarse clothes and a rude shelter for his slaves: if he did not work them more than fifteen hours out of twenty-four in summer, nor more than fourteen in winter, and gave them every Sabbath to themselves, he did quite as much for their comfort as the law required he should."[2] The negroes, in point of decency, health, morals, and even with respect to food, shelter and clothing, are perhaps not greatly better off now than they were immediately before the Civil War. Temporary loss in material comforts is the price frequently paid for liberty. But the first great step in material advancement has been taken, and every subsequent advance must be, in comparison with the Civil War, comparatively easy.

[1] *Principles of Economics*, ch. XII, Sec. 12.
[2] McMaster, *History of the People of the United States*, Vol. II, p. 19.

When we consider the white laboring classes during the colonial era, we find that a large proportion were, from the earliest settlements in New England and Virginia, bondsmen. "George Donne, the author of a manuscript in the Bodleian, saw servants brought to Virginia by the shipload after 1630, and he describes the horrors of the traffic, their insufficient food, their ragged and barefoot condition and their landing far from their destination and being forced to march the rest of the way in their enfeebled state. Nearly all the emigrants that came between 1620 and 1650 were bondsmen. * * After the Restoration, servants were sold in great numbers to Virginia. Fifteen hundred a year is the estimate of Berkeley at a time when Virginia contained but two thousand black slaves. As the term was for four years, there were six thousand white slaves always in bondage there. Before 1650 the term of some was ten years or more, and that of many was seven or eight years. After the restoration of the Stuarts in 1660 the term of service was permanently reduced to four years."[1]

This class of indentured servants consisted of runaway apprentices, penniless debtors, kidnapped children, honest laborers binding themselves for a number of years in order to get to America, and vicious or criminal ne'er-do-wells who were kept in order by the most brutal punishments. Scourging with hickory rods was common, the punishment being sometimes repeated from day to day, and the wounds washed with brine in order to stop the

[1] Edward Eggleston, *The Transit of Civilization*, pp. 296, 298.

bleeding and increase the pain. "There were also in use, by masters and overseers, thumbscrews, sweatings, and other such devil's devices. The food allowed was sometimes a scant diet of Indian meal. The sick servant was neglected lest the doctor's charge should exceed the value of his remaining service; and one thrifty master in Maryland required a servant, sick of a mortal disease, to dig his own grave in advance, in order to save the other men's time."[1]

One of the most prolific sources of misery and poverty was imprisonment for debt, and the weaker and more defenceless the laboring man, the more likely he was to be caught in this quicksand. "The jails," says John Mitchell, "were filled with debtors, many of them working men. It was estimated that of the inmates of the prisons of Massachusetts, New York, and Pennsylvania in 1829, 20,000 were there for the non-payment of debts, most of these being small in amount. The average per capita indebtedness of 1,085 debtors in the Philadelphia prison in 1828 was less than $24.00, and one case is on record in which a man was confined in jail thirty-two days for a debt of two cents."[2]

The conditions in these prisons beggar description, and make it plain that the temper of the age was stern and harsh to the point of brutality. "For more than fifty years after the peace," says Professor McMaster, "there was in Connecticut an underground prison which sur-

[1] Edward Eggleston, *The Transit of Civilization*, pp. 297-298.
[2] *Organized Labor*, p. 61.

passed in horrors the Black Hole of Calcutta. This den, known as the Newgate prison, was in an old worked-out copper mine in the hills near Granby. The only entrance to it was by means of a ladder down a shaft which led to the caverns underground. There, in little pens of wood, from thirty to one hundred culprits were immured, their feet made fast to iron bars, and their necks chained to beams in the roof. The darkness was intense; the caves reeked with filth; vermin abounded; water trickled from the roof and oozed from the sides of the caverns; huge masses of earth were perpetually falling off. In the dampness and filth the clothing of the prisoners grew mouldy and rotted away, and their limbs became stiff with rheumatism. The Newgate prison was perhaps the worst in the country, yet in every county were jails such as would now be thought unfit places of habitation for the vilest and most loathsome of beasts." And we must not forget the broader meaning of these facts. The same public spirit that permitted such treatment of prisoners must have touched life at a thousand other points, making the treatment of women and children and servants infinitely harsher than at present, tolerating conditions of labor that would not now be permitted in any state that boasts of a factory act.

6. *The Concentration of Wealth:* A few years ago that element of the community which desires to remedy existing economic evils by the introduction of radical reforms, was somewhat disposed to deny that any real progress had been made by the working classes during the last century,

and it was frequently asserted that the rich were getting richer, and the poor poorer. The evidences of increasing comfort adduced by economic students in the last few years—often exaggerated, it must be admitted—have, however, silenced this dictum, and the complaint most frequently heard at the present time is not that the poor are getting poorer, but that they are not growing richer as rapidly as the rich; in other words, that the age is characterized by an "alarming tendency towards the concentration of wealth."

Few phrases have been so abused as this shibboleth of the discontented, concentration of wealth, and few subjects have been so unintelligently discussed by economists and statisticians. The phrase itself is practically meaningless unless it is further qualified by a statement of where or in what class wealth is concentrating; and even when this qualification is added we must be certain to survey the community as a whole and take account of the many possible movements of concentration and diffusion that may be going on at the same time. The richest one per cent. of the population, for example, may be constantly obtaining a larger share of the aggregate wealth, while the lower 50 per cent. is experiencing the same good fortune. Under such circumstances it is idle to talk of the "growing concentration of wealth." As a matter of fact what the critics really desire is a greater concentration of wealth, concentration in the hands of an all-embracing, homogeneous middle class.

Although the phrase "increasing concentration of

wealth" is thus equivocal, it is ordinarily used to imply one of two things—either that the richer classes of the community are obtaining a larger share of the national wealth, or that the distribution of wealth is becoming more unequal with the passage of time. When used in the former sense, the natural way to test the assertion is to ascertain whether the poorer *half* of the population is receiving a larger or smaller share of the total wealth from time to time. When used in the latter sense, the obvious method of procedure is to employ one of those indices or co-efficients which statisticians use to measure dispersion from the common type or average;[1] because what we really wish to know is whether, with regard to wealth, the great mass of men are growing more or less like the average man. It seems rather superfluous to insist upon these apparently obvious facts, but it is true that hundreds of pages have been written about this subject, based upon statistics so tabulated as to make it impossible to discover what proportion of the total wealth was owned by the poorer half of the population, while the common method of presenting statistics upon this subject utterly disguises those facts which the student most desires to know.

A large number of writers[2] gravely argue about changes in the distribution of wealth from the increase of persons having incomes within fixed limits. Dr. Ely points out the absurdity of this attempt[3] by imagining a

[1] Several simple co-efficients of dispersion are given in Bowley's *Elements of Statistics*, second edition, p. 136.

[2] Cf. Mayo-Smith, *Statistics and Economics*, p. 423 *seq.*

[3] *Evolution of Industrial Society*, p. 238 *seq.*

group of persons having incomes represented by 1, 3, 5, 7, 9, 11, 13, 15, 17, 19, in the first epoch, and by 2, 6, 10, 14, 18, 22, 26, 30, 34, 38, in the second epoch. Of course, as the income of each individual has doubled, the distribution of wealth is exactly the same in both epochs. Yet if we arrange these ten individuals in fixed classes, and reason about the "concentration of wealth" from the rate of increase in the higher and lower classes, we should probably conclude that some great change had taken place. Dr. Ely illustrates this idea with the following table:

Classes	Number in first period	Number in second period
0 and less than 5 dollars	2	1
5 and less than 10 "	3	1
10 and less than 15 "	2	2
15 and above	3	6

With this preliminary statement concerning the method of investigation, we may pass to the facts of the case. At this point, in order to indicate the drift of the following discussion, we may anticipate our conclusions by the summary statement that while the data upon this subject are imperfect and tentative, they establish a strong probability that the proportion of wealth in the hands of the very wealthy is astonishingly, if not alarmingly, great; but they also indicate with less certainty that the distribution of wealth is becoming less rather than more unequal.

The first, and, perhaps, the most important reason for

this statement is found in the striking unanimity among investigators of all schools and beliefs respecting the very high proportion of wealth held by the very wealthy classes. We can not cite the evidence in detail, but the reader will find an excellent summary of it in the final chapter of *Statistics and Economics* by Richmond Mayo-Smith. In England Sir Robert Giffen estimated in 1885 that the richest 10 per cent. of the population received nearly one-half the total income. In Prussia, in 1902, 59.66 per cent. of the population belonged to families having an income of less than 900 marks, about $225 a year, and this figure is increased to 64.61 per cent. if we include those exempt because of large families and other disabilities. Of the taxpayers in that year, the richest 4.21 per cent. paid 55.69 per cent. of the aggregate income taxes under a moderately progressive tax[1] and the share of the aggregate income owned by the richest classes seems to be steadily increasing.[2] Mr. G. H. Holmes, the well-known Washington statistician, estimated from the statistics of farm and home ownership in the United States, that in 1890, about 29 per cent. of the total wealth was owned by 91 per cent. of the families, and 71 per cent. by the other 9 per cent. of the families. In 1900 the Wisconsin State Tax Commission collected statistics of the estates probated in six counties for the twelve months preceding, and in one county for the three years preceding. Statistics of 1,138 estates, with an aggregate appraised value

[1] *Jahrbücher fur Nationalökonomie und Statistik*, III Folge, 25 Band, p. 799 *seq.*

[2] See *Zeitschrift der Kon. Preuss. Stat. Bureaus*, 1902, p. vi. *seq.*

of $10,154,385 were secured. This investigation having been made in order to ascertain the undervaluation of property, and not to obtain light on the distribution of wealth, the Tax Commission omitted all estates not worth $500. On the basis of the estates of the male decedents in six[1] of these counties, several of the writer's students prepared an estimate of the distribution of wealth among persons dying in these counties, the assumption being made that the excess of adult male deaths (25 years of age and over) above the number of probated estates, represented small estates which escaped probate, and that the average value of those estates was $300. Under these hypotheses it was found that 91 per cent. of male decedents died owning property worth less than $7,500, and that together this 91 per cent. of the decedents owned 19.2 per cent. of the aggregate wealth; while 9 per cent. possessed estates worth more than $7,500, which together constituted 80.8 per cent. of the total wealth. Of course, all the statistics cited in this paragraph are in the nature of estimates, resting in some cases upon the most hazardous hypotheses, but most of them have been prepared by well-known scientists, above the reproach of partiality, and the common story which they tell of great concentration in the hands of the richest families, seems incontrovertible.

That it is perfectly possible for a small class of the very rich to acquire a constantly increasing share of the nat-

[1] Omitting Eau Claire county in which estates probated for three years had been included.

ural income or wealth, while at the same time the poorer half of the population is enjoying the same good fortune, may be illustrated by examples drawn from actual studies in the distribution of wealth. In the *Bulletin of the Bureau of Labor* for January, 1904, Mr. A. F. Davies contributes a most interesting study of the distribution of real estate ownership in five representative wards of Philadelphia, in the years 1855, 1865, 1875, 1885, 1895 and 1900. In these wards, as appears from the following tabular statement, the proportion of the aggregate real estate held by the one per cent. of the holders having the largest holdings rapidly increased from 1855 to 1900, "when throughout the selected wards practically one-quarter of the valuation is held by one one-hundredth of the owners." Yet Mr. Davies is strongly of the opinion that the wealth represented by real estate, except in Ward 8, which is a business and fashionable residence section, has become more evenly distributed with the passage of years, and the figures bear out his belief.

Mr. Davies, like most investigators of this subject, classifies the property holders in fixed groups, "under $500," "$500 to $1,000," etc., a classification which, as shown on page 535, prevents any very exact study of change in the concentration of wealth except by applying the most laborious processes of interpolation. But by making a few safe and simple estimates it is possible to apply Mr. Bowley's[1] convenient measure of dispersion $\frac{Q_2-Q_1}{Q_2+Q_1}$,

[1] See Bowley's *Elements of Statistics*, second edition, p. 186.

with the result that the inequalities of land ownership are shown to have increased slightly in Ward 8 and to have decreased a great deal in Wards 1 and 39 and Wards 24 and 34. Certain interesting details of land ownership in these wards are given in the following table, which must be interpreted in the light of all its possible limitations and defects, among which must be numbered the facts that the values are assessed values and hence too small, that the degree of under-assessment is probably greater among large than among small holdings, and that the facts apply to only five wards in one city, and this a city in which real estate is probably more evenly distributed than in any other large city, with the possible exception of Baltimore, in the United States.

About ten years ago the Massachusetts Bureau of Statistics of Labor attempted to obtain some clearer light upon the historical changes in the distribution of wealth by a classification and study of the estates probated in the periods 1829-1831, 1859-1861, 1879-1881, and 1889-1891. The principal results of this study are summed up in Table X below. Here again the student of the published returns is baffled by the mistaken method of tabulating the estates in fixed groups, so that it is impossible to ascertain exactly what the richest one per cent. obtained, what the median or mean estate was, or what the poorest 50 per cent. of the decedents owned, in any period. But by using certain graphic methods of interpolation, similar to those suggested by Professor Pareto,[1] it is possible

[1] *Cours d'Economie Politique*, Vol. II, Bk. III, Ch. I.

TABLE X

PROPORTION OF PROBATES AND PROPORTION OF TOTAL PROBATED WEALTH BY SPECIFIED CLASSES AND PERIODS. MASSACHUSETTS: 1829–1891

Classes	1829–1831		1859–1861		1879–1881		1889–1891	
	Per Cent. of Estates	Per Cent. of Total Wealth	Per Cent. of Estates	Per Cent. of Total Wealth	Per Cent. of Estates	Per Cent. of Total Wealth	Per Cent. of Estates	Per Cent. of Total Wealth
Under $500	38.69	1.84	21.45	0.65	16.35	0.32	15.18	0.35
$ 500 to $ 1,000	12.52	2.36	13.87	1.31	13.02	0.76	11.90	0.81
1,000 " 5,000	34.45	20.73	40.85	12.76	41 18	8.21	42.42	9.69
5,000 " 10,000	7.98	13.85	11.48	10.34	12.75	7.23	13.48	8.83
10,000 " 25,000	4.24	16.75	7.33	14.62	9.18	11.50	10.25	14.88
25,000 " 50,000	1.15	10.22	2.43	11.01	3.68	10.14	3.29	10.68
50,000 " 100,000	0.68	12.65	1.33	12.00	1.96	11.19	1.81	11.89
100,000 " 200,000	0.16	5.56	0.75	12.58	1.00	11.28	0.92	11.77
200,000 " 300,000	0.00	0.00	0.26	8.03	0.33	6.46	0.31	7.19
300,000 " 400,000	0.05	4.42	0.12	4.48	0.20	5.55	0.15	4.80
400,000 " 500,000	0.03	2.89	0.04	2.67	0.09	3.19	0.09	3.78
500,000 and over	0.05	8.73	0.09	9.55	0.26	24.17	0.20	15.33
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Number of Probates	8,698		6,922		11,142		14,608	
Total Wealth	$14,494,107		$53,256,794		$137,874,259		$155,558,788	

to ascertain approximately the meaning of the figures. They indicate in brief: (a) That the concentration of wealth in the upper classes was very great, even in 1830, but that the proportion of the total wealth owned by the richest five or six per cent. of the population has steadily increased, although it was somewhat greater in 1880 than in 1890; (b) that the general distribution of wealth was most equable in 1830, and least so in 1880; (c) that the proportion of wealth owned by the poorer half of the decedents was greatest in 1860, next largest in 1830, slightly less in 1890 and considerably less in 1880; (d) and that the class of the decedents whose relative loss was greatest, was that of the moderately rich, the class, which if the decedents were arranged in their order of wealth, would fall between the sixth and ninth tenths.

The general results of the Massachusetts investigation are given in Table X. Their general uncertainty is increased by the fact that many probated estates are never inventoried or appraised, that the appraised values are generally too low, and that a large number of small estates never pass through the probate courts. Notwithstanding all these defects, such figures when impartially used, probably furnish a better basis of reasoning about historical movements than the loose general impressions of the average man, who really knows little about the distribution of wealth in the past, and who is apt to form his opinions concerning that subject from his general social philosophy.

The statistics relating to Philadelphia and Massachu-

TABLE IX

Distribution of Land Values: Philadelphia, 1855-1900

(Relative numbers based on the year 1865)

Wards	Years	Holders	Assessed value of taxable property	Population	Relative number of			Value per Holder	Lots per Holder	Percentage of total value held by	
					Holders	Value of property	Population			10 largest holders	One per cent. largest holders
1 and 39	1855	1,928	$ 2,979,574	(a)	86.7	111.8	(a)	$ 1,545	1.86	11.27	16.70
	1865	2,225	2,664,862	(b) 28,238	100.0	100.0	100.0	2,225	1.41	11.10	18.63
	1875	4,002	16,071,619	(b) 33,350	179.9	603.1	118.1	4,015	2.32	10.54	20.75
	1885	4,566	16,415,425	(b) 48,180	205 2	616.0	170.6	3,597	2.20	12.62	23.00
	1895	6,520	25,630.212	(b) 64,967	293.0	961.8	230.1	3,931	2.33	11.83	24.29
	1900	7,363	29,049,583	78,296	330.9	1,090.1	277.3	3,945	2.24	12.17	25.50
8	1855	1,619	$10,621,157	(b) 22,157	87.3	78.6	89.1	$ 6,560	1.43	8 09	11.10
	1865	1,854	13,521,130	(b) 24,877	100.0	100.0	100.0	7,292	1.42	8.67	12.54
	1875	2,093	40,878.250	(b) 20,872	112.9	302.3	83.9	19,530	1.48	7.18	11.81
	1885	2,098	43.019,850	(b) 18.214	113.2	318.2	73.2	20,505	1.53	9.44	14.87
	1895	2,031	59,254,800	(b) 16,358	109.5	438.2	65.7	29,175	1.57	9.75	15.51
	1900	2,064	73,006.150	15,757	111.3	539.9	63.3	35,855	1.53	14.30	21.49
24 and 34	1855	1,682	$ 3,697,977	(a)	87.7	112.9	(a)	$ 2,198	1.22	13.87	17.93
	1865	1,917	3,275,320	(b) 24,328	100.0	100.0	100.0	1,708	1.50	14.37	19.85
	1875	3,772	23,477.418	(b) 33.892	196.8	716.8	139.3	6,224	1.92	14.22	24.58
	1885	3,245	21,772,730	(b) 55,258	169.3	664.8	227.1	6,709	2.08	15.61	23.55
	1895	8,099	47,196,989	(b) 80,141	422.5	1,441.0	329.4	5,827	2.10	11.84	23.68
	1900	9,658	61,124,285	96,906	503.8	1,866.2	398.3	6,328	2.37	10.19	24.82

(a) Not reported. (b) Estimated.

setts agree, both with each other and the general opinion of investigators, in assigning to the very rich—say, the richest five per cent. of the population—an astonishingly large proportion of the total wealth, and in indicating that this proportion has increased in the last half or three quarters of a century. They disagree in regard to the general uniformity or equality of the distribution of wealth. Under these circumstances the safest course, perhaps, is to fall back upon a general argument. While the few millionaires have prospered more rapidly than the general population in the last half century, it must be remembered that wages have more than doubled, and that millions of wage-earners have shared in this good fortune. Considering the great rise of wages and the enormous number of wage-earners, it would be a matter of surprise if they had not only secured larger incomes, but a somewhat larger share in the aggregate income. A simple illustration will show how it is possible for the very rich to sustain a vast increase of wealth, absolute and relative, without trenching on the share of the lower classes. Let us imagine a representative social group of 100 persons in 1850 and 1900, composed of three classes: a lower class of 50 persons, an upper class of 48 persons, and 2 millionaires. Assume that in 1850 the lower class possessed 5 per cent. of the wealth, the upper class 85 per cent., and the millionaires 10 per cent.; while between 1850 and 1900 the total wealth of the group increased 100 per cent. If, in the interval of 50 years, incomes in the upper class increase 20 per cent., the millionaires may obtain an in-

crease of 779½ per cent., and still leave the lower class incomes larger by 101 per cent., and a larger share of the aggregate income, than in 1850.

Conclusion: Back of the question of fact, lies the question of ideal: is the demand for a more equal distribution of wealth justifiable? The disposition of the writer is to answer this question with the strongest affirmative possible. Not only is equality a sound social ideal, but, properly understood, it is the only sound ideal. No one can deny that the existence of widely separated classes, with enormously disproportionate economic and political power, creates problems that threaten the peace and prosperity of the body politic. No one can doubt that the successful operation of a democratic government is facilitated by the homogeneity of its citizenship. It is hard to believe that any wholesome-minded person could even desire to be set apart from and above the great mass of his fellows, leaving to them the unrelieved drudgery, securing to himself the unbroken direction of industry.

It must be confessed that many of our wisest economists think otherwise. "The economic ideal of the future," says Professor Clark, "is the one which will combine inequality of outward and material possessions with a constant approach to equality of men's inward states, and will cause, not wealth, but well-being to be democratically shared."[1] The trouble with this ideal is its impossibility; there can be no similarity of "inward states" when the inequality of "outward and material posses-

[1] In his admirable little book, *The Problem of Monopoly*, p. 128.

sions'' is as glaring as it is now, particularly when the laws and customs concerning inheritance among the very rich accentuate and widen this inequality. The difference between the ''inward states'' of the day laborer who is habitually underfed, and the millionaire who is habitually overfed, depends largely upon the difference in their ''outward and material possessions,'' and until poverty is extinct, there will continue to be important inward differences arising from outward inequalities.

But it by no means follows that we are to attempt to foist equality of wealth upon inequality of merit and ability. We must have a nearer approach to equality, but it must come by leveling up, not by leveling down. It can be secured, permanently, only by slow-paced changes, making for the more equal distribution of education and opportunity. We have tried in this work to illustrate particularly the immensity and complexity of this problem of labor. It touches every phase of social life: it has lasted throughout the ages. The supreme lessons from these facts seem to be the impossibility of solving the problem all at once, the necessity for patience tempered with enthusiasm, and above all, the futility of that kind of superficial reforms, championed by a certain class of enthusiasts common to all parties, who are impatient of details, unaware of the immensity of the problem, and incapable of seeing more than one evil and one reform at the same time.

In the present chapter we have discussed briefly the progress of the working classes during the past century.

In Chapter V we have illustrated the obverse side of the picture, the poverty and degradation which still exist. It is plain that there is no justification for content, no ground for a complacent policy of inaction. But when one looks back through the centuries and takes a broad view of the rise of the laboring classes from slavery to a position in which, fortified by trade unionism, they are often able to dictate terms to the employers themselves, it seems—to borrow an idea from Mr. Kidd—that the progress of the working classes is inevitable, that their ultimate future is assured, that our real task is with the precise problem that lies next at hand, the exact direction of the next step, the minutiæ of policy, method and means. The far future will take care of itself, and vague speculation about it is, if not injurious, at least useless as a base of immediate practical action. In short, to use concrete terms, we may be moving towards socialism or we may be moving towards anarchism, but whithersoever we do move, socialism, anarchism and every other "ism" must stand or fall on the wisdom of its immediate proposals. The hope of the hour is in specific social reform.

REFERENCES: There is a vast literature on this subject, but a work containing a critical analysis of the facts with an impartial investigation of the causes and theory of progress in the United States, remains to be written. A general but superficial account of progress during the nineteenth century in all the great nations of the world is given in H. de B. Gibbins' *Economic and Industrial Progress of the Century.* More detailed accounts of the changes in the United States may be found in C. D. Wright's *Industrial Evolution of the United States;* E. Lavasseur's *American Workman;* and D. A. Wells' *Recent Economic Changes.* Early conditions in the United States are well described in Edward Eggleston's *The Transit of Civilization* and J. B. McMaster's *History of the People of the Unitetd States.* the latter of which is well summarized, together with other interesting materials, in the first nine

chapters of John Mitchell's *Organised Labor.* By far the best short general discussion of wages is contained in the 10th edition of the Encyclopedia Britannica, Vol. XXXIII, article "Wages"; for a more thorough discussion of the theory of wage statistics the reader may consult A. L. Bowley's *Wages in the United Kingdom in the Nineteenth Century,* while the American statistics may be found in the sources quoted in the text. The most recent studies in the cost of living are published in *Bulletin of the (U. S.) Bureau of Labor,* No. 53, and in the *Thirty-Second Annual Report of the Massachusetts Bureau of Statistics of Labor.* The distribution of wealth, as well as the progress of the working classes, are discussed with partisan vigor in C. B. Spahr's *The Present Distribution of Wealth in the United States* and in Edward Atkinson's *The Distribution of Products;* while on all the subjects treated in this chapter, statistical discussions may be found in Mayo-Smith's *Statistics and Economics,* where short bibliographies are given. For thorough discussions of the theory of progress and the factors which determine the laborer's share of the industrial product, see Marshall, *Principles of Economics,* ch. XII; Pierson, *Principles of Economics,* ch. VI; and Clark, *The Distribution of Wealth.*

SUPPLEMENTARY READINGS:

1. "Land and Labor in the Early Colonies," Eggleston, *The Transit of Civilization,* ch. VI, pp. 273-313.
2. "Labor from the Declaration of Independence to the Emancipation Proclamation," Mitchell, *Organised Labor,* ch. VIII, pp. 57-65.
3. "General Economic Progress of the Nineteenth Century," Conant, *Wall Street and the Country,* pp. 116-170.
4. Wages—Theory and Statistics, *Encyclopedia Brittanica* (10th ed.), Vol XXXIII, pp. 716-729.
5. "Factors Determining Nominal Wages," Levasseur, *American Workman,* ch. VIII, pp. 359-392.
6. Influence of Machinery on Labor, Hobson, *Evolution of Modern Capitalism,* ch. VIII, pp. 220-243.
7. "Factory Legislation Considered with Reference to the Wages, etc., of the Operatives Protected Thereby," Wood, *Journal of the Royal Statistical Society,* Vol. 65, pp. 284-324.
8. Distribution in the United States, Past and Present, Spahr, *The Present Distribution of Wealth,* ch. II, III, pp. 24-70.
9. Statistics of Distribution, Mayo-Smith, *Statistics and Economics,* ch. XIII, pp. 416-458.
10. "Concentration and Diffusion of Wealth," Ely, *Evolution of Industrial Society,* Part II, ch. VI, pp. 255-270.
11. "Probable Futurity of the Laboring Classes" as it appeared, in 1848, to J. S. Mill, *Principles of Political Economy,* Bk. IV, ch. VI, VII, pp. 494-510 (Routledge ed.).
12. Theory of Progress. Marshall, *Principles of Economics,* ch. XIII, Secs. 9-19, pp. 771-790 (3d ed.).

APPENDIX

APPENDIX A

WOMAN AND CHILD LABOR LAWS IN THE UNITED STATES

States	Minimum Age Limit			Educational Provisions (a)	
	Factories	Stores	Mines	Illiterate Children Can not be Employed Under (b)	Certificates of School Attendance (c) Required Under
Alabama	10 (d)	....	12	....	....
Arkansas	10 (d)	....	14	14 (e) (f)	14
California	12	12	....	....	....
Colorado	14	....	14	16 (g)	14 (h)
Connecticut	14	14	....	16	14 (h)
Delaware	....	....	....	....	....
Florida (i)	....	....	....	....	....
Georgia	....	....	....	....	....
Idaho	....	....	14	....	....
Illinois	14	14	14	16	14
Indiana	14	14	14	16 (j) (k)	....
Iowa	....	....	12	....	....
Kansas	....	....	12	16 (g)	16 (g)
Kentucky	14 (l)	....	14	....	....
Louisiana	12 (m)	....	....	....	14 (e)
Maine	12	....	....	....	15 (n)
Maryland	14 (o) (l)	....	12	16 (p) (q)	....
Massachusetts	14	14	....	16 (r)	14
Michigan	14	14	....	16 (s)	....
Minnesota	14	14 (j)	14	16 (l)	14 (l)
Mississippi (t)	....	....	....	....	....
Missouri	14	....	12	14 (g)	....
Montana	....	....	14	16	14
Nebraska	10 (u)	10 (u)	10 (u)	....	14 (v)
Nevada	....	....	....	....	....
New H'mpshire	12	14 (j)	....	16 (w)	14
New Jersey	14	....	14	....	15
New York (x)	14	12 (y)	....	16	16
North Carolina	12 (z)	....	12 (aa)	....	....
North Dakota	12	....	12	....	14
Ohio	14	14	14	16	14 (bb)
Oregon	14	14	14	16	14
Pennsylvania	13	13	14 (cc)	16 (k)	13 (k)
Rhode Island	12	12	....	....	13
South Carolina	11 (dd) (l)	.. .	11 (dd)	....	11 (dd)
South Dakota	....	....	14	....	14 (ee)
Tennessee	14	....	14	....	....
Texas	12	....	16	14 (ff) (l)	....
Utah	....	....	14	....	....
Vermont	10	10	....	14	15 (e)
Virginia	12	....	12	....	....
Washington	12 (gg)	12 (gg)	12 (hh)	16 (r) (ii)	15 (r) (ii)
West Virginia	12	....	12	....	....
Wisconsin	14	12 (y)	14	....	14
Wyoming	....	....	14	....	

WOMAN AND CHILD LABOR LAWS IN THE UNITED STATES.—(*Continued*)

STATES	Hours (jj)			
	Male "Young Persons"	Female "Young Persons"	Women	Night work prohibited
Alabama	12, 66w. (kk)	12, 66w. (kk)	.....	Under 13
Arkansas	14, 10d. 60w.	14, 10d. 60w.	.....	Under 14
California	18, 9d. 54w. (r)	18, 9d. 54w. (r)	.....	.....
Colorado	16, 8d. (11)	16, 8d. (11)	.....	.....
Connecticut	16, 10d. (r)	16, 10d. (r)	10d. (r)	.....
Delaware	.....	.....	.....	.....
Florida	.....	.....	.....	.....
Georgia	21, Sunrise to sunset (mm)	21, Sunrise to sunset (mm)	.....	.....
Idaho	.....	.....	.....	.....
Illinois	16, 8d. 48w. (nn)	16, 8d. 48w. (nn)	.....	Under 16 (nn)
Indiana	16, 10d. 60w. (k)	18, 10d. 60w. (k)	.....	Females
Iowa	.....	.....	.....	.....
Kansas	.....	.....	.....	.....
Kentucky	.....	.....	.....	.....
Louisiana	18, 10d. 60w. (oo)	18, 10d. 60w. (oo)	10d. 60w. (oo)	.....
Maine	16, 10d. 60w. (n)	18, 10d. 60w. (n)	10d. 60w. (n) (rr)	.....
Maryland	16, 10d. (pp)	16, 10d. (pp)	.....	.....
Massachusetts	18, 10d, 58w. (r)	18, 10d. 58w. (r)	10d. 58w. (r)	Women and minors (qq)
Michigan	14, 8d. (nn) 18, 10d. 60w. (ss)	16, 9d. (nn) 21, 10d. 60w. (ss)	.....	Under 16 (n)
Minnesota	16, 10d. 60w. (nn)	16, 10d. 60w. (nn)	10d. 60w. (nn) (rr)	Under 16 (nn)
Mississippi	.....	.....	.....	.....
Missouri	.....	.....	.....	Under 16 (tt)
Montana	8d. (nn)	8d. (nn)	8d. (nn)	.....
Nebraska	.....	.....	10d. 60w.	.....
Nevada	.....	.....	.....	.....
New Hampshire	18, 10d. 60w. (n)	18, 10d. 60w. (n)	10d, 60w. (n)	.....
New Jersey	18, 10d. 55w.	18, 10d. 55w.	10d. 55w.	Under 18 (e) (tt)
New York	16, 9d. 18, 10d. 60w. 16, 9d. 54w. (uu)	16, 9d. 18, 10d. 60w. 16, 9d. 54w. (uu)	10d. 60w. 21, 10d. 60w. (uu)	Under 18 and women (qq) Under 16 (uu)
North Carolina	18, 66w.	18, 66w.	.....	.....
North Dakota	14, 10d. (vv)	14, 10d. (vv)	10d. (vv)	.....
Ohio	18, 10d. 55w. (r)	18, 10d. 55w. (r)	.....	g. 18, b. 16 (nn)
Oregon	16, 10d. (nn)	16, 10d. (nn)	.....	Under 16 (nn)
Pennsylvania	21, 12d. 60w. (ww)	21, 12d. 60w. (ww)	12d. 60w. (ww)	Under 18 (tt)
Rhode Island	16, 10d. 58w. (n)	16, 10d. 58w. (n)	10d. 58w. (n)	.....
South Carolina	.....	.....	.....	Under 12 (xx)
South Dakota	14, 10d. (vv)	14, 10d. (vv)	10d. (vv)	.....
Tennessee	.....	.....	.....	.....
Texas	.....	.....	.....	Under 14 (yy)
Utah	8d. (nn)	8d. (nn)	8d. (nn)	.....
Vermont	15, 10d. (n)	15, 10d. (n)	.....	.....
Virginia	14, 10d.	14, 10d.	10d.	Under 14 (n) (g)
Washington	.....	10d.	10d.	Under 16 (tt)
West Virginia	.....	.....	.....	.....
Wisconsin	18, 8d. 48w. (zz) 16, 10d. (nn)	18, 8d. 48w. (zz) 16, 10d. (nn)	8d. (rr)	Under 16 (nn)
Wyoming	.....	.....	.....	.....

(a). In all occupations unless otherwise indicated.
(b). Employment is usually permitted if child attends night school.
(c). Attendance either before or during employment, must usually be during previous year.
(d). Under 12 only in cases of extreme poverty.
(e). In manufacturing establishments.
(f). 16 in mines.
(g). In mines.
(h). 16 if illiterate.
(i). Under 15 may not be employed more than 60 days without consent of legal guardian.
(j). Except in vacation.
(k). In any manufacturing or mercantile establishment, laundry, renovating works, bakery, printing office, mine or quarry.
(l). Except in cases of extreme poverty.
(m). 14 for girls.
(n). In manufacturing and mechanical establishments.
(o). Except 20 counties and canning industries.
(p). Applies only to Baltimore and Allegheny County.
(q). 14 in mines.
(r). In manufacturing, mechanical and mercantile establishments.
(s). In any manufacturing establishment, hotel or store.
(t). Boys under 21 and girls under 18 may not be employed without consent of legal guardian.
(u). Under 14 only if certificate of at least 20 weeks' school attendance during previous year is presented.
(v). In manufacturing, mechanical, industrial or mercantile establishments.
(w). 21 if illiterate.
(x). No boy under 10 or girl under 16 can sell newspapers in cities of the first class, *i. e.*, New York City and Buffalo.
(y). 14 except in vacation.
(z). Except in oyster canning and packing manufactories.
(aa). Except where not more than 10 men are employed.
(bb). 15 in mines.
(cc). 14 about mines; 16 in mines.
(dd). After May 1, 1905, the age limit is to be 12 years. Any child who has attended school at least 4 months during the current school year and can read and write may be employed in textile establishments during June, July and August.
(ee). In manufacturing, mechanical, or mercantile establishments or mines.
(ff). In any manufacturing or other establishment using machinery.
(gg). 14 except in cases of extreme poverty.
(hh). 12 about mines; 14 in mines.
(ii). In telegraph or telephone offices.
(jj). In manufacturing establishments unless otherwise indicated.
(kk). The hours of children under 16 are limited to 48 per week if they are employed at night.

(ll). In any manufacturing establishment, store or mine, or any occupation deemed unhealthful or dangerous.

(mm). In manufacturing establishments other than cotton and woolen mills.

(nn). In all occupations.

(oo). In any factory, warehouse, workshop, telephone or telegraph office, clothing, dressmaking or millinery establishment, or in any place where the manufacture of any kind of goods is carried on, or where any goods are prepared for manufacture.

(pp). In any manufacturing business or factory in any part of the State or in any mercantile establishment in Baltimore.

(qq). Children under 14 in the street trades.

(rr). Contracts for overtime allowed.

(ss). In manufacturing establishments and stores employing more than 10 persons.

(tt). In bakeries.

(uu). In any mercantile establishment, business office, or telegraph office, restaurant, hotel, apartment house, or in the distribution or transmission of merchandise or messages.

(vv). Children under 18 and women can not be *compelled* to work more than these hours.

(ww). In any manufacturing establishment, mercantile industry, laundry, workshop, renovating works, or printing office.

(xx). In any factory, mine or textile manufactory.

(yy). If illiterate.

(zz). In tobacco factories; and shall not be *compelled* to work in manufacturing establishments.

APPENDIX B

PROFIT SHARING IN THE UNITED STATES

1. *Cases of Abandonment of Profit Sharing:* In 1899 Mr. Nicholas Paine Gilman published a list of twenty-three firms in which profit sharing was supposed to be in force at that time, but several of these appear never to have had any system of true participation, while others have abandoned the plan. Taking up these establishments in detail: (1) The Riverside Press has merely a savings bank available only to its employees, while (2) the Century Company reports that "whatever experiments we have made in this direction have not applied at all to the printing or manufacturing of our publications nor, in the sense in which the term is generally understood, to workmen; but only to our office help and the people engaged in clerical work." (3) The discontinuance of the system practiced by the Pillsbury Mills has been already recorded. (4) In the Rumford Chemical Works of Providence, Rhode Island, there was for a time a plan for the reward of long continued loyal service, but "this could not properly be called a profit sharing plan inasmuch as the sums paid to the favored employees were not determined by the profits of the business, but simply from the time of the employee's service and the sums earned by him." Even this plan, however, was discontinued several years ago. (5) The Public Ledger of Philadelphia also denies the existence of any system of profit sharing in its office; (6) Rand, McNally & Company of Chicago state that "we have long since discontinued the profit sharing plan among employees, as we did not find it of any benefit;" (7) and the Rice and Griffin Manufacturing Company of Worcester, Massachusetts, report that "the system referred to is not at present in operation in our works." (8) The Hub Clothing Store, of Chicago, says that its method is not the real profit sharing system, (9) while the H. K. Porter Company states that it has at present no profit sharing system in operation, "as we get at the same results to mutual advantage of ourselves and workmen by means of piece work, to a very large extent." None of these nine companies, however, can be considered, in 1904, as examples of profit sharing. Moreover, three of the remaining firms, P. N. Kuss of San Francisco, the Columbus Gas Company, and the Broadway Central Hotel of New York City, fail to answer inquiries in regard to profit sharing, and have doubtless abandoned any system they may have practiced.

There remain, then, out of the twenty-three firms composing Mr. Gilman's list, only eleven in which profit sharing is now known to be in force.

Other cases of profit sharing reported by Mr. Monroe as among the twelve experiments existing in 1896 were as follows: (1) The Wanamaker Department Store, Philadelphia, (2) the Scott and Holston

Lumber Company of Duluth, Minnesota, (3) the firm of C. G. Conn, manufacturer of band instruments at Elkhart, Indiana, (4) the Bowdoin Paper Manufacturing Company of Brunswick, Maine, and (5) the Cumberland Mills, owned by S. D. Warren and Company, Boston, Massachusetts. Of these the first pays to its employees a percentage on sales during the Holiday trade of each December, but has no true system of profit sharing; the second "has not been running on the profit sharing basis for the past ten years;" the third shared profits with employees for about five years and then discontinued the plan, "the results not being what had been hoped for;" the fourth "abandoned the profit sharing system some years ago;" and the last failed to reply to inquiries. These apparently add nothing to the list of existing cases of profit sharing.

In addition, Mr. Monroe reports the temporary abandonment of profit sharing, due to commercial depression, in the following cases: (1) The Page Belting Company, of Concord, New Hampshire; (2) the Williamsport (Pa.) Iron and Nail Company; (3) Ginn and Company, publishers, of Boston, Massachusetts; (4) Pomeroy Brothers, manufacturing chemists of Newark, New Jersey, and (5) the Golden Pressed and Fire Brick Company, of Denver, Colorado. The Page Belting Company never resumed the plan, which was in force for only one year, and which they do not consider to have furnished them with any practical experience in profit sharing. The Williamsport Iron and Nail Company is not continuing the system, though still believing in the advantages of profit sharing, and reports that: "We never gave it a fair trial." Ginn and Company make no reply to inquiries. The Golden Pressed and Fire Brick Company in 1891 made an offer to share 50 per cent. of its net profits, over and above 5 per cent. interest on capital, and allowing no salaries for management, among those employees who had been in the service of the company for at least six months, the share of each to be dependent upon the length of his service and the amount of wages received. This was an unusually generous proposition, but "unfortunately all building trades were soon affected by the conditions that resulted in the panic of 1893, and there being no profit on the basis mentioned the offer never became operative."

The Pomeroy Brothers Company adopted a plan of profit sharing some time in the eighties and divided at first 5 per cent. and afterwards 10 per cent. of its profits among the employees in proportion to the wages paid each. All who had been in the service of the company for two years were participants, while all who had served for six months, but not two years, might, at the option of the employers, be admitted to share, and practically all such were so admitted. The company offered to pay 6 per cent. interest on any money left on deposit, in the expressed hope that ultimately the men would own stock in the business, but this hope was disappointed. In 1893, and for a year or two after, the profit sharing dividend, which had previously run from one week's to three months' salary, was so small as not to be worth dividing, and in 1895 a stock company was organized and profit sharing abandoned. This is evidently a case of the distinct failure of the profit sharing plan to accomplish the results anticipated

by the employers, for Mr. Elbweed Pomeroy, the president of the company, reports:

"At the beginning I was enthusiastic about profit sharing. I am now convinced that it is only a method for the employer to show his goodwill to the employees. If it leads into co-operation and real democracy in the conduct of business it is admirable, but it does not necessarily lead into that, as it comes wholly from above and is apt to be accepted as one accepts the sunshine or any benefit that one has not worked for. I think the men when they first got it were a little bewildered but, of course, thought it a good thing, as they got something they had not expected. But few of them really understood or appreciated the motive which made us divide profits. In a small business such as ours, employing twenty to thirty hands, the good-will of the employer can be shown far better by turkeys at Christmas, presents with a word of sympathy in times of special need or at a marriage or something of that sort. It brings in the human element, while profit sharing, from its very nature, is a little impersonal and smacks of machinery; and unless the employer gives his men a clear statement of the percentage of profits he agrees to divide, with the right, which he must see they exercise, for the men to go over his books, and see that his statement of profits is correct, profit sharing is just as much a gratuity from the employer to the employee as turkeys at Christmas, and it is minus the personal feeling at the opportune time. In large factories where from the size the personal element must be absent, it may be the only available method."

2. *Cases of Profit Sharing With Higher Employees:* (*a*) The American Smelting and Refining Company adopted in 1902 a plan which gives "to certain of its general employees in New York and Denver, the managers, superintendents and assistant managers or superintendents of the several plants of the company, to the smelting works foremen and other foremen, together with chemists and assayers, ore purchasing agents, and a number of others, an opportunity to participate in a portion of the profits earned by the company." Obviously only the more important employees are included. The amount to be set aside for distribution varies according to the total earnings of the company; the amount of wages forms, with few exceptions, the basis of distribution; in general, employees must have been in the service of the company for the entire fiscal year to participate; and the bonus is paid wholly in cash.

(*b*) The Wm. Filene's Sons Company, a prominent mercantile house of Boston, has recently begun a system of sharing profits, which, however, includes only the chiefs of departments and their sub-heads. "Whenever an executive has been connected with one department only, he shares directly in the profits of that department; where he has been connected with more than one department, or the whole store, the profits of one or more are offset by the losses of the remaining departments in which he is interested" Thus some may receive profits while others do not. This company has also a plan for giving employees a percentage on sales, similar to that of the Wanamaker and other mercantile companies, but this is *gain*, and not *profit* sharing.

(*c*) The Carolina Savings Bank of Charleston, South Carolina, prac-

tices a very successful system of profit sharing. It must be remembered, however, that this experiment, like those of the various French insurance companies, is among employees of a high degree of intelligence, and does not apply to the working class. The plan is simple. "After paying all expenses, and before placing the balance, which we have earned, to the credit of profit and loss account, or making dividends, a certain percentage is divided among the employees of the bank, and they each average as much as 15 per cent. (and possibly in some future years it may run as high as 20 per cent.) of their salaries."

APPENDIX C

EARNINGS AND UNEMPLOYMENT IN 1901

The following information concerning earnings, unemployment and other subjects treated in Chapters V and XIII, is taken from the *Seventeenth Annual Report of the Commissioner of Labor*, which unfortunately appeared too late to be used in the preparation of this book.

The investigation described in the above Report was confined to the families of wage workers and of persons on salaries not exceeding $1200 a year. The budgets of 25,440 families, representing 124,108 persons, were secured, covering a period of 12 months, which period, in the average case, seems to have coincided approximately with the calendar year 1901. Practically the whole United States was covered in such a way as to make the results thoroughly typical of average conditions among industrial workers.

The general prosperity of this class of workers is illustrated by the fact that of the 25,021 families containing wives, only 8.68 per cent. were at work, the latter contributing $129 a year to the family income. Taking the children 10 to 15 years of age, in order to test the extent of child labor, and the disposition to put children to work, it appears that 9.67 per cent. of such children were at work, 85.00 per cent. at school, 1.34 per cent. both at work and at school, and 3.99 per cent. at home. The agents reported that 61 per cent. of the homes were "well furnished," 27 per cent "fairly well furnished," and 12 per cent. "poorly furnished".

The statistics of unemployment confirm in a general way those given in Chapter V. Out of 24,402 heads of families, 12,248 lost no time from unemployment in the twelve months covered, while 12,154 lost on average 9.43 weeks. For the whole number, 24,402, this would amount, on an average, to 4.7 weeks of unemployment. The statistics of causes of unemployment show that of the unemployed heads of families, 34.62 per cent. were idle because they could not get work, 30.96 per cent. because of sickness or sickness and other causes combined, 13.05 per cent. because of slack work, 6.45 per cent. because of vacation, 4.30 per cent. because the establishment was closed, 2 25 per cent. because of bad weather, 2.07 per cent. because of strikes, 1.66 per cent. because of accidents, and 4.64 per cent. because of other reasons.

The statistics of yearly earnings of the heads of families are given below. The arithmetic average of such earnings was $621 a year; the the median income about $615. The average yearly income, from all sources, of the 25,440 families was $750, while among the 11,156 normal families—families including no boarders or lodgers and having no children over 14 years of age—the average income from all sources was $851. The average expenditure was $699 per family; 12,816 families had a surplus averaging $121 a year, while 4,117 families had a deficit averaging $66 a year.

In the calculations concerning earnings and unemployment cited above, the very small number of heads of families (0.72 per cent.) who were invalids or idle during the whole year, were omitted; and in the investigation as a whole no attempt was made to secure budgets of farm laborers, although 130 farm laborers were, incidentally, included. These facts explain the differences between the results given here and those given in Chapter V. The present statistics indicate that among heads of families containing a very few farm hands and a considerable number of salaried men, the average period of unemployment amounted to 4.7 weeks. This supports very strongly the statement made, or suggested, in Chapter V that in normal years among industrial workers, approximately ten per cent. of the working time is lost in unemployment, and that the causes of such unemployment seem to be predominantly industrial.

The present statistics indicate that the mean annual earnings of the heads of families was about $615 The mean income of wage earners, in Chapter V, were estimated at something less than $436. This discrepancy may indicate a real error in the calculations in Chapter V, but more probably it results from the inclusion of salaried men in the investigation of the Bureau of Labor, and the practical exclusion of farm laborers. That the difference in classes could account for the difference in the mean incomes, is evident from the fact that the median income of the 130 farm laborers investigated was only $320, while there were in the United States, at the last census, 3,747,668 agricultural laborers, of whom 1,779,648 did not belong to the family for which they worked.

NUMBER AND PERCENTAGE OF HEADS OF FAMILIES IN EACH GROUP OF CLASSIFIED EARNINGS

Group	Number	Per cent.	Group	Number	Per cent.
Under $100.....	90	0.37	$600-$699.....	4,539	17.86
$100-$199.....	270	1.11	700- 799.....	4,113	16.85
200- 299.....	736	3.02	800- 899.....	1,506	6.17
300- 399.....	2,043	8.37	900- 999.....	1,503	6.16
400- 499.....	4,096	16.79	1000 or over...	1,317	5.40
500- 599.....	4,369	17.90	Total.....	24,402	100.00

INDEX